Supreme Court, U.S.
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90-1561

No.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

BORDEN, INC.,

Petitioner,

vs.

MEIJI MILK PRODUCTS CO., LTD.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

KEVIN J. PLUNKETT
Counsel of Record
SHANNON P. O'NEILL
PLUNKETT & JAFFE, P.C.
280 Park Avenue
New York, New York 10017
(212) 922-1800

Of Counsel:
WALTER W. KOCHER
HANS FISCHER
H. STEPHEN HARRIS, JR.
180 East Broad Street
Columbus, Ohio 43215
(614) 225-4000

QUESTIONS PRESENTED

1. Whether the Court of Appeals for the Second Circuit erred in holding that in an international dispute, where there are specific provisions in a contract having New York law govern, the English language control and the contract deemed made in New York, a sequential analysis in deciding a forum non conveniens motion, beginning with a finding that an adequate alternative forum exists, need not be followed notwithstanding this Court's directive in Piper Aircraft Co. v. Reyno, 454 U.S. 235 (1981), and in contravention of the express holdings of several United States Courts of Appeal.

2. Whether the Court of Appeals for the Second Circuit erred in implicitly holding that the erroneous factual assumption relied upon by the District Court Judge in the forum non conveniens

analysis constituted harmless error and whether the departure from the usual course of legal proceedings by the District Court, and sanctioned by the Court of Appeals, requires an exercise of supervision by this Court.

LIST OF PARTIES PURSUANT TO RULE 14.1(B)

All parties to the proceedings below appear in the caption hereof.

LISTING OF AFFILIATED ENTITIES PURSUANT TO RULE 29.1

Borden, Inc., a publicly held corporation, has the following subsidiaries which are wholly owned unless a percentage of ownership is indicated:

Alisa, S.A.	100
BCP Management, Inc.	100
B-F Processing Corp.	100
Borden Belgium, N.V.	100
Bordex (Belgium) N.V.	100
Borden U.K. Holdings, Ltd.	100
Borden U.K. Limited	100
Humbrol Limited	100
Borden (Bray) Ltd.	100

Crown Wallcoverings Limited	100
Crown Wallcoverings-Borden Pension Trustee Ltd.	100
Storeys Decorative Products Ltd.	100
Storeys Borden Pension Trustee Limited	100
Sooner Snacks Ltd.	100
Borden Australia (Pty.)Ltd.	100
Borden France, S.A.	100
Borden Chemie Deutschland GmbH	100
Borden Macaple, S.A.	100
Borden Packing	100
TRL, S.A.	51
Plastiques Venthenant & Compagnie S.A.R.L.	100
Pami Immobiliere, S.A.	100
Borden Delaware Holdings, Inc.	100
Acme Resin Corp.	100
Borden Industrial Food Products, Inc.	100
Borden, S.A.	100
Borex, S.A.	50
E.S.T.E., S.A.	50
Gallina Blanca, S.A.	50
Naturin, S.A.	100
Suministros Generales y Miel Espanola, S.A.	50
Preparados Alimenticios, S.A.	50
C & D Distributing Co., Inc.	100
Clover Club Foods Co.	100
El Molino Foods, Inc.	100
Cofin Hellas, S.A.	100
Crecspan, S.A.	100

FIAP S.p.A	100
FIAP USA, Inc.	100
FIAP France S.A.	100
FIAP Deutschland GmbH	100
FIAP Hellas Ltd.	100
FIAP U.K. Ltd.	100
Termofin S.p.A	100
Maite S.p.A.	100
Metur S.r.1.	100
Fiap Trading S.p.A.	100
Cistefra S.r.1.	100
Pack Star Italia S.r.1.	100
Geiser's Potato Chip Co. Inc.	100
Gregg Foods of Garden Grove, Inc.	100
Gregg Foods of Portland Inc.	100
Guy's Foods, Inc.	100
Harris Ocean Fresh Co.	100
International Gourmet Specialties Company	100
Interbusco Ltd.	50
International Packaging Corporation	100
Jays Foods, Inc.	100
MCP Foods, Inc.	100
Meadow Gold Dairies, Inc.	100
BRC One, Inc.	100
Nedrob, Inc.	100
Gioia Pasta Company, Inc.	100
Merlino's Macaroni, Inc.	100
Ravarino & Freshci, Inc.	100
The Prince Company, Inc.	100
Aunt Millie's Sauces, Inc.	100
D&P Trucking Co. Inc.	100
Paramount Macaroni Co. Inc.	100
Prince Export, Inc.	100
Prince Grotto, Inc.	100
Re-Mi Foods, Inc.	100
Red Seal Snack Co.	100
Serv-Ga, Inc.	100

Seyfert Foods, Co., Inc.	100
Starflake Foods Company, Inc.	100
Superior Dairies, Inc.	100
Unicrom, Inc.	100
Vernon Plastics Corp.	100
Wholesome Dairy, Inc.	100
Borden Company A/S, The	100
Cocio Chokolademaelk A/S	100
Borden Ost A/S	100
Borden Company Limited, The	100
Catelli (1989) Inc.	100
Humpty Dumpty Foods Ltd.	100
Borden Co. Ltd, The	100
Borden Foods Ltd.	100
Borden Int'l Packing Ltd.	70
Borden Exports Ltd.	100
Borden Decor S.A.	100
Borden Espana, S.A.	100
Food and Snack Holdings (Singapore) Pte. Ltd	50
Borden Foods Malaysia Sdn. Bhd.	50
Borden Interamerica, Inc.	100
Borden International (Europe) Ltd.	100
International Inc.	100
Borden International Philippines, Inc.	98
Albadoro, S.p.A.	100
Monder Aliment S.p.A.	100
Borden Kjemi Norge A/S	100
Borden (Proprietary) Ltd.	100
Babelegi Processing (Pty.) Ltd.	100
Borden (Pty.) Ltd.	100
Borden (Nederland), B.V.	100
Bordex, B.V.	100
Borden Thermoforming, B.V.	100
Thompack, B.V.	100
Borges GmbH	100

Cofin Folien GmbH	100
C & F Immobilien - Verwaltungs GmbH	100
Compania Casco S.A.I.C.	99
Compania Colombiana de Alimentos Lacteos, S.A.	100
Compania International de Ventas, S.A.	100
Produtos Almienticios Adria Ltda.	100
Paty Produtos Alimenticios Ltds.	100
Raineri, S.A. - Industrias de Massas Alimenticias	100
Alba Quimica Industria e Comercio Ltds.	100
Alba Amazonia Industrias Quimica, S.A.	100
Alba Nordeste Industrias Quimica, S.A.	100
Vicaplast Industira e Comercio de Plastico Ltda.	100
Bexley Finance, S.A.	100
Bexley Comercio e Participaco Ltda.	100
Borden Chemical (M.) Sdn. Bhd.	100
Compania Chiricana de Leche, S.A.	96.8
Materiales Moldeables, S.A. de C.V.	50
Compania Quimica Borden, S.A.	100
Compania Quimica Borden Ecuatoriana, S.A.	79.3
Fabrica de Productos Borden, S.A.	100
Gun Ei Borden Int'l. Resin Co. Ltd.	50
Helados Borden, S.A.	100
Hitachi Borden Chemical	

Products, Inc.	50
IBP Acquisition Co., Inc.	100
Industrias La Famosa, Inc.	100
Coco Lopez U.S.A., Inc.	100
Codoveca S.A.	100
Productos del Tropico C. Por A.	100
Italcolor, S.A.	100
Korea Borden Chusik Hoesa	50
LeAcq II, Inc.	100
Marshland Energy, Inc.	100
Meiji Borden, Inc.	50
Moore's Quality Snack Foods, Inc.	100
Navillus Insurance, Ltd.	100
100 Ecuador	
Productos Borden, Inc.	100
Chevy Chase, Inc.	100
Frozen Desserts, Inc.	100
Snack Distributors, Inc.	100
Superior Case Co., Inc.	100
Wilhelm Weber GmbH	100
W. Klemme GmbH and Co. K.G.	100
Nur Hier Grossbackerei GmbH	100
Grossbackerei Nuschelberg GmbH	100
Stenfansback Backwaren GmbH	100
Kuchen Betz GmbH	100

Upon information and belief, Meiji Milk Products Co., Ltd. has, after a diligent review, no corporate parent and may or may not be related to the following corporate entities. As Meiji Milk Products, Co., Ltd. is a Japanese corporation with its principal place of business in Tokyo, more precise information on this subject is unavailable at this time. Borden, Inc. will supplement this listing as further information becomes available.

Meiji Denki Kogyo KK
Meiji Feed Manufacturing Co., Ltd.
Meiji Kenko Ham Co. Ltd.
Meiji Kogyo KK
Meiji Leather Tanning Co. Ltd.
Meiji Machine Co. Ltd.
Meiji Mutual Life Ins.
Meiji National Kogyo KK
Meiji Rubber & Chemical Co. Ltd.
Meiji Sangyo Co.
Meiji Seika Kaisha Ltd.
Meiji Seika Pharma Int'l Ltd.
Meiji Shipping Co. Ltd.
Meiji Sugar Manufacturing Corp.
Meiji Trading Corp.

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ON PETITION FOR WRIT OF CERTIORARI
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PETITION FOR A WRIT OF CERTIORARI

Borden, Inc., hereby petitions for a writ of certiorari to review the judgment and opinion of the United States Court of Appeals for the Second Circuit in this case.

OPINIONS BELOW

The opinion of the Court of Appeals (App., infra, A-7)[1] affirming the dismissal of the complaint is reported at 919 F.2d 822 (2d Cir. 1990). The Memorandum Opinion and Order of the United States District Court for the Southern District of New York dismissing the complaint is not officially reported. (A-28)

JURISDICTION

The Judgment of the Court of Appeals for the Second Circuit was entered on November 21, 1990. (A-5) A petition for rehearing was denied on January 7, 1991. (A-1) The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

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[1]References hereinafter to the Appendix containing the orders and decisions of the District Court and the Court of Appeals for the Second Circuit are designated as (A- __).

STATEMENT

Borden, Inc. ("Borden"), a New Jersey corporation with its principal place of business in Columbus, Ohio and its executive offices in New York City, is a multi-national corporation engaged in the manufacture and distribution of food, dairy and consumer products in the United States and throughout the world.

Meiji Milk Products Co., Ltd., ("Meiji"), a Japanese corporation with its principal place of business in Tokyo and offices in New York City, is engaged in the manufacture and distribution of milk and milk products in Japan and other parts of the world.

Prior to 1983, Meiji had been selling soya-based margarine in Japan under its own brand name "Toast." Due to the lackluster performance of its product in the Japanese market, Meiji sought to use

Borden trademarks on margarine products to take advantage of Borden's high quality brand image and reputation for wholesome and family-oriented products.

Borden and Meiji entered into an exclusive licensing agreement, the Trademark License and Technical Assistance Agreement for margarine products ("Margarine Agreement") on August 26, 1983.

Meiji terminated its sale of "Toast" margarine after it entered the Margarine Agreement with Borden.

Approximately three (3) days after entering the Margarine Agreement, Meiji, unbeknownst to Borden, applied in Japan under Japanese law to register in its own name, the package designs used in conjunction with the sale of Borden margarine products. Registrations for these designs were granted in 1985.

The packaging designs registered to Meiji, without Borden's knowledge, were utilized for the sale of Borden margarine products since 1983. These packaging designs became well known throughout Japan and were identified with the Borden margarine products. The Borden name has become associated with the packaging, labeling and trade dress of the Borden brand margarine products since 1983.

On or about August, 1990 Meiji announced that it would sell its own margarine products in the identical packaging that was used to sell Borden margarine products pursuant to the Margarine Agreement when the Agreement expired by its terms on October 3, 1990.

Pursuant to Section 17 of the Margarine Agreement, the Agreement is governed by the law of New York, is deemed to have been made in New York and is

controlled by the English language.

The Margarine Agreement, Section 16, contains an arbitration provision under which all disputes arising in connection with the Margarine Agreement shall be settled by arbitration pursuant to the Japan-American Trade Arbitration Agreement of September, 1952. On August 24, 1990, Borden filed a Demand for Arbitration with the American Arbitration Association in New York demanding arbitration of the disputes as alleged by Borden.[2]

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[2]The Joint Arbitration Committee, to whom the submissions on the situs of the arbitration were made, has determined that notwithstanding Section 17 of the Margarine Agreement and the costly and time consuming arbitration process in Japan, the forum for arbitration should be Japan. Borden has not yet filed its demand for arbitration in Japan. However, for the reasons more fully discussed infra, at 18 , the granting of this Petition is not mooted by the determination of the Joint Arbitration Committee. In addition, it is clear that the erroneous dismissal of this case in the District Court and the Court of Appeals, which were forwarded to the Joint

On October 4, 1990, Meiji commenced selling its own margarine products in packaging identical to the respective packages presently being used for Borden margarine products.

On August 30, 1990 Borden commenced an action in the United States District Court for the Southern District of New York. Borden based jurisdiction upon diversity of jurisdiction, 28 U.S.C. §1332 and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 9 U.S.C. §202-203. Simultaneously, Borden moved by order to show cause for a preliminary injunction in aid of arbitration to prevent Meiji from using the concededly identical packaging in marketing its own margarine products

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Arbitration Committee by Meiji's attorneys, had great weight on the determination by the Joint Arbitration Committee.

prior to and following the expiration of the Margarine Agreement based on the irreparable harm caused to Borden's goodwill.

The action was instituted in the United States District Court for the Southern District of New York as the only viable forum for the limited, emergency relief sought. A preliminary injunction in aid of arbitration is neither recognized by statute nor case law in Japan. Therefore, Borden had no adequate or satisfactory emergency remedy in the alternative forum of Japan.

A TRO was issued by Hon. Robert P. Patterson, Jr., ex parte, on August 30, 1990. The parties appeared before the assigned District Court Judge, Hon. Mary Johnson Lowe, on September 5, 1991. Judge Lowe declined to extend the TRO and permitted Meiji's counsel to submit a

motion to dismiss based on forum non conveniens and lack of extraterritorial enforcement. By agreement, a hearing on Borden's motion for a preliminary injunction and Meiji's motion to dismiss were scheduled for September 25, 1990.

On September 20, 1990, three days after Borden served its opposition papers to Meiji's motion, Judge Lowe's chambers, ex parte, contacted Meiji's counsel to request that reply briefs, due September 21, 1990, be submitted no later than 3:00 p.m. on that date. During the early afternoon of September 21, 1990 Borden and Meiji had agreed that no Japanese witnesses would be called at the preliminary injunction hearing scheduled for September 25, 1990, which agreement was never communicated to the court due to an unexpected telephone call from Judge Lowe's chambers at 6:00 p.m. on September

21, 1990 orally dismissing Borden's underlying action on the grounds of forum non conveniens. As a result, the District Court never entertained Borden's motion for a preliminary injunction in aid of arbitration.

Borden, aware that Meiji was marketing margarine in identical packaging to the packaging utilized for Borden's margarine products starting on October 2, 1990, sought a written order from the District Court. When a written order was not received by September 30, 1990, even though Borden had submitted an order for the District Court Judge to sign, Borden filed a writ of mandamus on October 1, 1990 in order to obtain an order from the District Court to permit expedited relief in the Second Circuit for its limited, emergency request. The writ of mandamus was mooted by the filing of Judge Lowe's

written opinion on October 2, 1990. (A-26)

Thereafter, Borden sought an expedited appeal from the United States Court of Appeals for the Second Circuit. In its decision, the Court of Appeals determined that under the applicable forum non conveniens analysis, the required showing of an adequate, alternative forum by the moving party need not be addressed by the court in a "rigidly formalistic approach." (A-19) This holding is in contravention of the holdings of several United States Courts of Appeals and the dicta of this Court that under a forum non conveniens analysis, at the outset, the moving party must establish the existence of an adequate alternative forum.

The Court of Appeals recognizing the "highly irregular procedure" employed by the District Court (A-17) which it did not "condone", (A-18) determined that the

forum non conveniens analysis employed by the District Court was adequate regardless of the District Court's lack of knowledge that the parties did not intend to call any Japanese resident witnesses at a hearing on the preliminary injunction. Moreover, the Court of Appeals impliedly determined that the failure of the District Court to entertain oral argument, as scheduled, for Meiji's motion to dismiss and a hearing on Borden's motion for a preliminary injunction in aid of arbitration constituted harmless error, not seriously prejudicing Borden's right to be heard. (A-18)

REASONS FOR GRANTING THE PETITION

The Court of Appeals for the Second Circuit determined that under a federal forum non conveniens analysis, the movant need not, as a preliminary matter, establish that there exists an alternative forum in which the plaintiff can seek the relief requested. Several United States Courts of Appeals[3], on the other hand, mandate such a showing before the strong presumption that the plaintiff's choice of forum should not be disturbed, can be overcome.

In the instant proceeding, Borden is unable to obtain the provisional remedy of

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[3]See, e.g., Quintero v. Klaveness Ship Lines, 914 F.2d 719 (5th Cir. 1990); Cheng v. Boeing, 708 F.2d 1406 (9th Cir. 1983); Cleonide Nunes de Melo v. Lederle Laboratories, 801 F.2d 1058 (8th Cir. 1986); Cf., Friends for all Children, Inc. v. Lockheed Aircraft Corp., 717 F.2d 602 (D.C. Cir. 1983).

a preliminary injunction in aid of arbitration in the Japanese legal system in a meaningful time frame. Borden zealously protected its rights in the District Court and Court of Appeals in light of the irreparable injury its reputation and goodwill have suffered and continue to suffer due to Meiji's breach of the Margarine Agreement.[4]

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[4] The Court of Appeals modified the District Court by permitting Borden to commence a new action in the District Court if a Japanese Court did not decide Borden's application within 60 days of filing. By the time the decision of the Court of Appeals was filed and the petition for rehearing denied, the Margarine Agreement had expired. Accordingly, Borden did not file for a preliminary injunction in Japan in this case.

However, in a related matter between Borden and Meiji involving a licensing agreement for ice cream products, the United States District Court for the Southern District of New York, per Honorable Thomas P. Griesa, on February 8, 1991, relying on the Court of Appeals' decision in the instant case, dismissed Borden's complaint on forum non conveniens grounds with a sixty (60) day conditional

The Margarine Agreement specifically provides that New York law governs the interpretation of the Agreement, that the Agreement is deemed to be made in New York and that the English language controls. While the Margarine Agreement is silent as to where provisional remedies may be obtained while the disputes are arbitrated, it is clear that the parties agreed, at the time of contracting, that New York would have a substantial nexus to

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order. The conditional order required Borden to institute an action in Japan and if the Japanese court failed to decide Borden's application within the (60) day time frame Borden could recommence an action in the District Court. Since the licensing agreement in the ice cream case does not expire until August 12, 1991, Borden filed on February 6, 1991 for a preliminary injunction in Japan. No decision has been rendered as of this date, the sixty-first (61) day, thus enabling Borden to re-file in the District Court. Therefore, Borden's position that no adequate alternative forum exists is fairly supported.

the contract.[5]

Moreover, the inability of Meiji to establish, at the outset and as a preliminary matter, the viability of an alternative forum before dismissing a case on grounds of forum non conveniens deprives Borden, a United States corporate entity, of the ability to be heard in the forum if selected. On a broad scale, this decision serves to undermine international contractual agreements to the extent that it essentially deprives a United States corporation of the opportunity of bringing suit in a forum it selects when no specific forum is designated by the

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[5] The Court of Appeals also erroneously concluded that New York procedural rules, which bar dismissal of this action on forum non conveniens grounds, are inapplicable to the instant action. See N.Y. CPLR §327(b)(McKinney 1990); N.Y.Gen. Oblig. Law §5-1401, 1402 (McKinney 1989). (A-14)

parties but the contract has a substantial connection to a U.S. location. The improper decision of the District Court and the affirmance, as modified, by the Court of Appeals serves to override, by definition, the strong presumption that a United States resident plaintiff is entitled to commence suit in its selected forum.

The Court of Appeal's decision in this case has far-reaching implications for American corporations engaged in international contractual relations. In essence, the decision of the Court of Appeals prohibits a United States corporation from suing in the United States whenever the contract is performed in a foreign country even though the parties have agreed that New York law governs, the contract is deemed made in New York and the English language governs.

Promoting the application of American law by foreign tribunals in an unsupervised fashion will undermine the American system of jurisprudence.

This case presents a justiciable controversy to the extent that direction from this Court is necessitated on the question of whether the doctrine of forum non conveniens will always be a bar to the prosecution of an action by a United States corporation when the performance of a contractual obligations occurs in a foreign locale, notwithstanding the existence of contractural provisions designating a United States locale as having substantial contact with the dispute.

In addition, the highly unusual procedure employed by the District Court resulted in a telephonically communicated decision to dismiss Borden's action on

forum non conveniens grounds four (4) days before the scheduled argument on the Meiji's motion and Borden's request for a preliminary injunction. The District Court also, ex parte, communicated with Meiji's counsel in order to render its expedited decision. The cumulative effect of these procedural irregularities resulted in a forum non conveniens dismissal by the District Court without full knowledge by the Court of the facts relevant to a forum non conveniens case, including that the parties had agreed not to call any Japanese witnesses at the hearing on Borden's motion for preliminary injunction. Accordingly, Borden has been deprived of its due process right to be heard.

The departure from the accepted and usual course of legal proceedings by the District Court, as acknowledged by the

Court of Appeals, requires an exercise of this Court's power of supervision.

ARGUMENT

I. The Second Circuit Has Departed From The Decisions Of Several United States Courts Of Appeals, In Accord With The Decision Of This Court, Which Have Required The Initial Showing Of An Adequate Alternative Forum Before A Case Involving An International Dispute Can Be Dismissed On Grounds of Forum Non Conveniens.

This Court has clearly stated the order of analysis to be employed in the forum non conveniens context.

> "At the outset of any forum non conveniens inquiry, the court must determine whether there exists an alternative forum. Ordinarily this requirement will be satisfied when the defendant is amenable to process in the other jurisdiction. In rare circumstances, however, where the remedy offered by the other forum is clearly unsatisfactory, the other forum may not be an adequate alternative, and the initial requirement may not be satisfied." (Emphasis supplied).

Piper Aircraft Co. v. Reyno, 454 U.S. 235, 254 (n.22)(1981)(citations omitted).

The District Court in the instant case did not consider "at the outset" whether

Borden had a satisfactory and adequate remedy for the limited, emergency relief sought. The District Court at the outset analyzed the Gulf Oil Corp. v. Gilbert, 330 U.S. 501 (1947) factors, and then conclusorily addressed the issue of whether Japan was an adequate satisfactory alternative forum to seek a preliminary injunction in aid of arbitration. At most, the court was presented with conflicting expert affidavits as to whether, in fact, Borden would be able to obtain a preliminary injunction in aid of arbitration. Conflicting affidavits are insufficient to establish the adequacy of an alternative forum. Canadian Overseas Ores Ltd. v. Compania De Acero Del Pacifico, S.A., 528 F. Supp. 1337 (S.D.N.Y.), aff'd, 727 F.2d 274 (2d Cir. 1984).

In its briefs and argument before the

Second Circuit Court of Appeals, Borden stressed that as an initial matter, the Court must find that the alternative forum (Japan) offers adequate and satisfactory relief. The Court of Appeals disagreed, stating: "[w]e do not read Piper Aircraft to require a rigidly formalistic approach to forum non conveniens inquiries. Courts are required to consider whether an alternative forum exists. Whether they do so at the beginning, the middle, or the end of written opinion is not dispositive of the adequacy of their analyses. We believe that Borden's suggestion to the contrary is ludicrous." (A-19)

The instant case is one of the "rare circumstances" where the remedy offered by the alternative forum, Japan, is wholly unsatisfactory. Borden's primary motivation in seeking a preliminary injunction in aid of arbitration was to

preserve the status quo until the merits of the dispute could be arbitrated. A preliminary injunction obtained in a court of proper jurisdiction is the only available means of preventing further irreparable harm to Borden's reputation and goodwill as provisional remedies are not available in Japan or from arbitrators in Japan.

In addition, the Court of Appeals for the Fifth Circuit, in a recent decision, articulated the order of analysis in considering a forum non conveniens motion. The court stated that a District Court must first ("at the outset" as an "initial requirement" and as a "threshold proposition") (See, e.g., Piper Aircraft Co. v. Reyno, 454 U.S. 235 (1981)) analyze whether an available and adequate forum exists giving deference to the plaintiff's initial choice of forum. If an American

plaintiff chooses an American forum, the plaintiff is entitled to more deference than if a foreign plaintiff chooses an American forum. Quintero v. Klaveness Ship Lines, 914 F.2d 719, 725 (5th Cir. 1990)(emphasis supplied). It is not until after the court examines whether there is both an available and adequate alternative forum that there is an inquiry into the Gulf public and private interest factors. Accord, Cheng v. Boeing, 708 F.2d 1406 (9th Cir. 1983); Cleonide Nunes de Melo v. Lerderle Laboratories, 801 F.2d 1058 (8th Cir. 1986); Cf., Friends for all Children, Inc. v. Lockheed Aircraft Corp., 717 F. 2d 602 (D.C. Cir. 1983).

Accordingly, although Borden has not suggested that mecnanical or systemic order of analysis need be employed, it is necessary that an initial showing by the movant of an adequate and alternative

forum must be adhered to.[6]

Because the Court of Appeals failed to address Meiji's inability to prove that a Japanese court could afford any similar relief in an expeditious time frame, making any arbitration award meaningful, a dismissal of this case on forum non conveniens grounds undercuts the holding of four United States Courts of Appeals and the dicta of this Court.

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[6] Meiji, as the moving party, bears the burden of establishing the adequacy of an alternative forum. "Where differing views are expressed by the experts that the [foreign forum] would be an adequate forum, [the defendant] has failed to carry its burden of persuasion that [plaintiff's] choice of forum should be disturbed. Canadian Overseas, Id. at 1343. The Court of Appeals for the Second Circuit in first balancing the Gulf factors and by failing to require an initial showing of an adequate, alternative forum has shifted Meiji's burden of proving Japan is an adequate forum to Borden to prove that it is not. The Court of Appeals was, at most, presented with conflicting expert opinions which fails, as a matter of law, to carry Meiji's burden.

II. The Procedural Irregularities Of The District Court, As Sanctioned By the Court of Appeals, Require An Exercise of Supervision By This Court.

This Court possesses the power to supervise the disposition of a case as justice so requires. Watts, Watts & Co. v. Unione Austriaca di Navigazione, 248 U.S. 9, 21 (1918); Montgomery Ward & Co. v. Duncan, 311 U.S. 243, 254-255. (1940). The Court of Appeals, in recognizing the procedural irregularity committed by the District Court, stated: "it was clearly improper for the court to schedule oral argument for September 25 and then, in derogation of that schedule, to render its decision on September 21. We do not condone this improper procedure." (A-18)

Essentially, the Court of Appeals found that the error committed by the District Court was harmless and that

Borden's rights were not substantially impaired in spite of the fact that the Court of Appeals recognized that "[w]hile the (district) court's unorthodox procedure deprived the court of full information, we are satisfied that it did not fatally undermine the court's findings." (A-18)

Borden maintains throughout the course of the expedited proceedings that if the District Court had been aware of the parties' agreement that no Japanese resident witnesses were to testify at the preliminary injunction hearing, the District Court would have had no reason to pre-empt the scheduled hearing and a timely decision on the merits of Borden's motion for a preliminary injunction would have been rendered. Additionally, the District Court's analysis of the Gulf factors would have been substantially

different if the District Court Judge was aware of the parties' agreement not to call Japanese residents as witnesses.

Case law in the Second Circuit dictates that an erroneous finding of fact amounts to an abuse of discretion. Cliff Notes, Inc. v. Bantam Doubleday Dell Pub. Group, Inc., 886 F.2d 490, 493 (2d Cir. 1989). The Court of Appeals, in its cursory treatment of an acknowledged error of fact, failed to accord proper weight to the import that such error may or may not have had on the District Court's ultimate dismissal on forum non conveniens grounds. Accordingly, the supervisory powers of this Court are sought in order to correct such a procedural error which effectively denied Borden of an opportunity to be heard.

CONCLUSION

Granting this petition will clarify the proper mode of analysis to be employed in consideration of a forum non conveniens motion involving an international dispute and will serve to correct a departure from the usual course of judicial proceedings as committed by the United States District Court and sanctioned by the Court of Appeals.

For the foregoing reasons, the petitioner respectfully requests that the petition for a writ of certiorari be granted.

Respectfully submitted,

KEVIN J. PLUNKETT
Counsel of Record
SHANNON P. O'NEILL
PLUNKETT & JAFFE, P.C.
35th Floor, West Bldg.
New York, N.Y. 10017
(212)922-1800

WALTER W. KOCHER
HANS FISCHER
H. STEPHEN HARRIS, JR.
180 East Broad Street
Columbus, Ohio 43215

APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

At a stated term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse, in the City of New York, on the 7th day of January, one thousand nine hundred and ninety-one.

BORDEN, INC.,

Plaintiff-Appellant,

Docket Number 90-7840

v.

MEIJI MILK PRODUCTS CO., INC.,

Defendant-Appellee.

A petition for rehearing containing a suggestion that the action be reheard in banc having been filed herein by PLAINTIFF-APPELLANT BORDEN, INC.

Upon consideration by the panel that heard the appeal, it is Ordered that said

petition for rehearing is DENIED.

It is further noted that the suggestion for rehearing in banc has been transmitted to the judges of the court in regular active service and to any other judge that heard the appeal and that no such judge has requested that a vote be taken thereon.

/s/ELAINE B. GOLDSMITH
Clerk

UNITED STATES COURT OF APPEALS
FILED
JAN 7 1991
ELAINE B. GOLDSMITH, CLERK
SECOND CIRCUIT

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the 17th day of December one thousand nine hundred and ninety.

Present: HON. Wilfred Feinberg
HON. William H. Timers
HON. Roger J. Miner

Circuit Judges,

BORDEN, INC.

Plaintiff-Appellant,

Docket Number
90-7840

v.

MEIJI MILK PRODUCTS CO., INC.,

Defendant-Appellee.

Construing the letter dated December 11, 1990 from counsel for Borden as a

motion for clarification, and having before us that letter, the reply of counsel for Meiji dated December 12, 1990, and the response of counsel for Borden, dated December 13, 1990, it is hereby ordered that the Clerk's office inform counsel for the parties that it was the intention of the court that the word "submitted" at slip op. 423 be understood to mean "filed."

For the Court,

/s/Elaine B. Goldsmith,
Clerk

UNITED STATES COURT OF APPEALS
FILED
DEC 17 1990
ELAINE B. GOLDSMITH, CLERK
SECOND CIRCUIT

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT
MANDATE

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the 21st day of November, one thousand nine hundred and ninety.

Present: HON. Winfred Feinberg
HON. William H. Timbers
HON. Roger J. Miner

Circuit Judges,

BORDEN, INC.,

Docket No.
90-7840

Appellant,

-v.-

MEIJI MILK PRODUCTS CO., LTD.,

Appellee.

Appeal from the United States District Court for the Southern District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Southern District of New York and was argued by counsel.

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged and decreed that the Order of said District Court be and it hereby is Affirmed as modified in accordance with the opinion of this court.

/s/Elaine B. Goldsmith,
Clerk
/s/Edward J. Guardaro,
Deputy Clerk

UNITED STATES COURT OF APPEALS
FILED
NOV 21 1990
ELAINE B. GOLDSMITH, CLERK

SECOND CIRCUIT

ISSUED AS MANDATE. Jan. 22, 1991

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 793—August Term 1990

(Argued November 13, 1990

Decided November 21, 1990)

Docket No. 90-7840

BORDEN, INC.,

Appellant,

—v.—

MEIJI MILK PRODUCTS CO., LTD.,

Appellee.

Before:

FEINBERG, TIMBERS and MINER,

Circuit Judges.

Appeal from an order entered October 3, 1990, in the Southern District of New York, Mary Johnson Lowe, *District Judge*, dismissing, on the ground of forum non conveniens, an action for breach of contract and destruction of goodwill.

Affirmed as modified.

KEVIN J. PLUNKETT, New York, N.Y. (William F. Plunkett, Jr., Arthur J. Semetis, and Plunkett & Jaffe, New York, N.Y.; Walter W. Kocher, Hans Fischer and H. Stephen Harris, Jr., Columbus, Ohio, on the brief) *for appellant Borden, Inc.*

SAMUEL KADET, New York, N.Y. (Barry H. Garfinkel, Steven J. Kolleeny, Chase A. Caro, Brian D. Graifman, and Skadden, Arps, Slate, Meagher & Flom, New York, N.Y., on the brief) *for appellee Meiji Milk Products Co., Ltd.*

TIMBERS, *Circuit Judge*:

Appellant Borden, Inc. (Borden) appeals from an order entered October 3, 1990 in the Southern District of New York, Mary Johnson Lowe, *District Judge*, dismissing the action on the ground of forum non conveniens.

Borden commenced this action on August 30, 1990, seeking a preliminary injunction in aid of arbitration. The court granted the motion of appellee Meiji Milk Products Co., Ltd. (Meiji) to dismiss.

On appeal, Borden contends that the court erred in dismissing the action because (1) Meiji failed to sustain its burden of showing that an adequate remedy was available in the alternate forum; (2) the court relied on erroneous factual assumptions; and (3) New York procedural rules barred dismissal of the action. Meiji contends that the dismissal should be affirmed on the

ground of forum non conveniens or, in the alternative, on the ground that the court lacked subject matter jurisdiction.

For the reasons set forth below, we affirm the order dismissing the action on the ground of forum non conveniens.

I.

We shall set forth only those facts and prior proceedings believed necessary to an understanding of the issues raised on appeal.

Borden, a New Jersey corporation with offices in New York City, is a multi-national corporation engaged in the manufacture and distribution of food, dairy and consumer products in the United States and throughout the world. Meiji, a Japanese corporation with offices in New York City, is engaged in the manufacture of milk and milk products in Japan and other parts of the world. In 1983, Borden and Meiji entered into a Trademark License and Technical Assistance Agreement (the agreement), pursuant to which Borden licensed the use of its name and logo to Meiji to be used on a variety of margarine products manufactured and sold by Meiji in Japan for a period of seven years. The agreement, which was performed entirely in Japan, expired by its terms on October 3, 1990.

For the past seven years, Meiji has sold a number of margarine products bearing the Borden trademark. The formulas and techniques used to manufacture the margarine products are owned by Meiji. Meiji has obtained protection under Japanese Design Patent law for the margarine packaging it has used.

Although the agreement has now expired, Meiji continues to market margarine, in Japan, in the packaging it had been using while the agreement was in force, but now without any use of the Borden trademark or logo. Borden contends that the use of the packaging is an "appropriation" in violation of the agreement.

Section 16 of the agreement specifically provides that all disputes arising in connection with the agreement shall be finally settled by arbitration pursuant to the Japanese-American Trade Arbitration Agreement of September, 1952. Accordingly, on August 24, 1990, Borden filed a demand for arbitration, alleging that Meiji had breached the agreement and unfairly competed with Borden. Meiji contends that Japanese patent law authorizes its continued use of the packaging and asserts that the agreement between the parties is silent as to any use by Meiji of packaging after termination of that agreement. The site of arbitration—which will be either New York or Japan—has not yet been determined.

On August 30, 1990, Borden commenced this action in the Southern District of New York, alleging claims for breach of contract and wrongful destruction of goodwill. Borden sought to compel arbitration pursuant to 9 U.S.C. § 206 (1988). It also sought a preliminary injunction against Meiji's use of the disputed packaging. Jurisdiction was based both on diversity and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the Convention).

On August 30, Borden obtained a temporary restraining order from the Part I Judge, Hon. Robert P. Patterson, Jr. The case subsequently was assigned to Hon. Mary Johnson Lowe for all purposes. On September 5, after hearing arguments from both sides on the prelimi-

nary injunction motion, Judge Lowe declined to extend the TRO granted by Judge Patterson. Instead she allowed it to expire by its own terms. Meiji indicated at the September 5 hearing that it intended to file a motion to dismiss on grounds of extraterritoriality and forum non conveniens.

Judge Lowe scheduled a further hearing on the preliminary injunction motion for September 25. She also indicated that the forum non conveniens motion would be heard on that day. She asked that the papers on the forum non conveniens motion be filed in advance of the 25th.

Meiji served and filed its motion to dismiss on September 7. The papers indicated that Meiji would bring on its motion before Judge Lowe on or after September 24; that answering papers were required to be served and filed by September 17; and that any reply by Meiji would be due September 21. On Thursday, September 20, Judge Lowe's chambers informed counsel for Meiji that it wished to receive any reply papers on its motion to dismiss by 3:00 p.m. on September 21. Meiji complied with that request.

Also on September 21, counsel for Borden and Meiji agreed that, at the hearing scheduled for September 25, no Japanese residents would be called to testify as witnesses. That agreement was not communicated to Judge Lowe.

At approximately 6:15 p.m. on Friday, September 21, Judge Lowe's law clerk informed counsel that Judge Lowe had decided to dismiss Borden's action on the ground of forum non conveniens. On October 3, Judge

Lowe filed her written opinion. This expedited appeal followed.

II.

As a threshold matter, we address the question of the court's subject matter jurisdiction to entertain the application for preliminary injunctive relief in aid of arbitration.

This matter was not ruled on by the district court; but, in a brief filed by Meiji just hours prior to the oral argument before us on the instant appeal, Meiji claimed that the district court lacked jurisdiction. Although Meiji's timing in presenting this claim was not ideal, particularly in light of the posture Borden has maintained throughout these proceedings in which it has pressed urgently for an expedited determination on the merits, we recognize that we are required to consider whether there is federal jurisdiction. *Roco Carriers, Ltd.* v. *M/V Nurnberg Express*, 899 F.2d 1292, 1294 (2 Cir. 1990). We have carefully examined the jurisdictional claim. We conclude that we do have jurisdiction.

Meiji's argument is that, since the agreement between the parties contains an arbitration clause, the Convention is applicable. Article II(3) of the Convention provides that "[t]he court of a Contracting State, when seized of an action in a matter in respect of which the parties have made an agreement within the meaning of this article, shall, at the request of one of the parties, refer the parties to arbitration . . . ." (The full text of the Convention is published following 9 U.S.C.A. § 201 (West Supp. 1990)). Borden concedes that the Convention is applicable, but argues that the Convention does

not oust the court of jurisdiction to issue an injunction in aid of arbitration. We agree.

Federal courts are charged with enforcing the Convention. 9 U.S.C. § 201 (1988). Specifically, a court "may direct that arbitration be held in accordance with the agreement at any place therein provided for . . . . Such court may also appoint arbitrators . . . ." *Id.* at § 206. Furthermore, the courts are empowered to confirm an arbitration award once rendered. *Id.* at § 207.

Meiji argues that a court's jurisdiction is limited to compelling arbitration or confirming an arbitration award. In the instant case, however, Borden specifically invoked § 206, seeking to have the district court compel arbitration and appoint arbitrators. We hold that entertaining an application for a preliminary injunction in aid of arbitration is consistent with the court's powers pursuant to § 206. *Cf. McCreary Tire & Rubber Co.* v. *CEAT S.p.A.*, 501 F.2d 1032, 1037-38 (3 Cir. 1974) (district court order refusing to vacate an attachment reversed, because underlying complaint sought to bypass arbitration altogether and "[t]he Convention forbids the courts of a contracting state from entertaining a suit which violates an agreement to arbitrate"); *International Shipping Co.* v. *Hydra Offshore, Inc.*, 875 F.2d 388, 391 n.5 (2 Cir.) (district court properly held that jurisdiction could not be premised on the Convention because "the party invoking its provisions did not seek either to compel arbitration or to enforce an arbitral award"), *cert. denied*, 110 S. Ct. 563 (1989).

In the instant case, far from trying to bypass arbitration, Borden sought to have the court *compel* arbitration. New York law specifically provides for provisional remedies in connection with an arbitrable controversy,

N. Y. Civ. Prac. L. & R. (CPLR) § 7502(c) (McKinney Supp. 1990), and the equitable powers of federal courts include the authority to grant it. *Murray Oil Products Co.* v. *Mitsui & Co.*, 146 F.2d 381 (2 Cir. 1944). Entertaining an application for such a remedy, moreover, is not precluded by the Convention but rather is consistent with its provisions and its spirit. In *Murray*, we held that an arbitration clause "does not deprive the promisee of the usual provisional remedies . . . ." *Id.* at 384. We held that the desire for speedy decisions in arbitration "is entirely consistent with a desire to make as effective as possible recovery upon awards, after they have been made, which is what provisional remedies do." *Id.*

We hold that the district court properly exercised subject matter jurisdiction.

III.

We deal next with Borden's claim that state procedural rules precluded the district court from dismissing this action on the ground of forum non conveniens. Borden relies on a state law provision, N.Y. CPLR § 327(b) (McKinney 1990), which provides that a court "shall not . . . dismiss . . . on the ground of inconvenient forum, where the action arises out of or relates to a contract, agreement or undertaking to which section 5-1402 of the general obligations law applies . . . ." By its terms, however, N.Y. Gen. Oblig. Law § 5-1402 (McKinney 1989) applies only when a contract contains a provision whereby a foreign corporation "agrees to submit to the jurisdiction of the courts of this state." *Id.* at § 5-1402(1)(b). The district court correctly concluded that Meiji did not submit to the jurisdiction of

the New York state courts simply by agreeing to be bound by *arbitration* that might or might not be in New York. Moreover, the New York choice of law clause in the parties' agreement is not the equivalent of a choice of forum clause. *Oil Basins Ltd.* v. *Broken Hill Proprietary Co.*, 613 F. Supp. 483, 487 (S.D.N.Y. 1985). For this same reason, the provision in the agreement that the contract is deemed to have been made in New York is not equivalent to an express choice of forum clause.

We hold that N.Y. CPLR § 327(b) is inapplicable to the instant case. We accordingly need not reach the issue of whether the mandate of § 327(b) would control in this case. Indeed, putting § 327(b) to one side, we need not reach the more general issue of whether forum non conveniens is governed here by state or federal law, since the forum non conveniens doctrine is similar under both federal and New York State law. *See Schertenleib* v. *Traum*, 589 F.2d 1156, 1162 n.13 (2 Cir. 1978). We may thus proceed by applying federal law to the forum non conveniens issue.

IV.

This brings us finally to the merits of the forum non conveniens issue. Our review of the district court's dismissal on that basis is extremely limited. In *Piper Aircraft Co.* v. *Reyno*, 454 U.S. 235, 257 (1981), the Supreme Court expressly admonished courts of appeal as follows:

> "The *forum non conveniens* determination is committed to the sound discretion of the trial court. It may be reversed only when there has been a clear abuse of discretion; where the court has considered

> all relevant public and private interest factors, and where its balancing of these factors is reasonable, its decision deserves substantial deference."

There, the Court held that the Third Circuit had erred in rejecting the district court's analysis of the public and private interest factors. *Id.* at 261. In the instant case, we hold that the district court did not abuse its discretion. *In re Union Carbide Corp. Gas Plant Disaster*, 809 F.2d 195, 202 (2 Cir.), *cert. denied*, 484 U.S. 871 (1987).

(A) *The Gilbert Factors*

The relevant factors for district courts to consider were set forth in the Supreme Court's seminal opinion in *Gulf Oil Corp.* v. *Gilbert*, 330 U.S. 501, 508-09 (1947). The private interests of the litigant include:

> "the relative ease of access to sources of proof; availability of compulsory process for attendance of unwilling, and the cost of obtaining attendance of willing, witnesses . . . and all other practical problems that make trial of a case easy, expeditious and inexpensive. There may also be questions as to the enforcibility of a judgment if one is obtained."

Id. at 508. Courts also should consider factors of public interest:

> "Administrative difficulties follow for courts when litigation is piled up in congested centers instead of being handled at its origin. Jury duty is a burden that ought not to be imposed upon the people of a community which has no relation to the litigation. . . . There is a local interest in having localized controversies decided at home."

Id. at 508-09. As we stated nearly ten years ago, "[f]or more than three decades, Justice Jackson's opinion in [*Gilbert*] has been recognized as the leading authority on forum non conveniens." *Alcoa S.S. Co.* v. *M/V Nordic Regent*, 654 F.2d 147, 150 (2 Cir.) (en banc), *cert. denied*, 449 U.S. 890 (1980). In *Alcoa*, we reiterated our adherence to "the simple uniform standard of *Gilbert*." *Id.* at 153.

The district court in the instant case carefully considered the *Gilbert* factors. It found that only the Japanese market and consumers are affected by the parties' dispute and that all necessary fact witnesses are in Japan. The court found further that an injunction issued in Japan clearly would be enforceable there, whereas one obtained in this country might not be. Examining the public interests at stake, the court found that Japan has a much greater interest in the litigation than does the United States.

We are cognizant of the fact, of which Borden makes much, that the district court relied on an erroneous factual assumption in finding that all necessary fact witnesses are in Japan. The court did not have the benefit of knowledge of the parties' agreement, reached on September 21 shortly before its decision was rendered, not to call any Japanese residents as witnesses. This unfortunate error resulted, at least in part, from the highly irregular procedure followed by the court in reaching and rendering its dismissal decision. The court's chambers called counsel for Meiji to ask for an expedited reply brief and, just hours after receiving that brief, called counsel for both sides with word of its decision—four days prior to a scheduled oral argument. We agree with Borden that, had oral argument gone forward as

scheduled, the court undoubtedly would have been informed of the parties' salient agreement not to call Japanese residents as witnesses. Although busy district courts are by no means required to hold oral argument on every motion that is filed, it was clearly improper here for the court to schedule oral argument for September 25 and then, in derogation of that schedule, to render its decision on September 21. We do not condone this improper procedure.

While the court's unorthodox procedure deprived the court of full information, we are satisfied that it did not fatally undermine the court's findings. Its *Gilbert* analysis was comprehensive and was not limited to the question of the residence of the primary witnesses. Rather, the court considered such additional important factors as the enforceability of relief and the primacy of Japan's interest in the litigation.

We necessarily must place heavy reliance on the discretion of the district court in balancing the *Gilbert* factors. *Alcoa*, *supra*, 654 F.2d at 158. Under the circumstances of the instant case, we hold that the court's decision to dismiss in light of the *Gilbert* factors was sufficiently justified.

(B) *Adequacy of the Alternative Forum*

Borden asserts that the court's application of the *Gilbert* factors was "misplaced" in the first instance because Meiji allegedly failed to meet, "at the outset", its burden of showing the availability of an adequate remedy in Japan. We reject this contention.

Borden's argument is hinged, precariously, on a footnote in the Supreme Court's decision in *Piper Aircraft*, *supra*, where the Court stated that:

> "At the outset of any *forum non conveniens* inquiry, the court must determine whether there exists an alternative forum. Ordinarily, this requirement will be satisfied when the defendant is 'amenable to process' in the other jurisdiction. In rare circumstances, however, where the remedy offered by the other forum is clearly unsatisfactory, the other forum may not be an adequate alternative, and the initial requirement may not be satisfied."

454 U.S. at 254 n.22 (citations omitted). We believe that Borden reads too much into this statement.

First, Borden's suggestion that the court erred in not considering the alternate forum "at the outset" and in shifting the burden to Borden borders on the frivolous. The district court squarely addressed the adequacy of Japan as a forum in its written opinion and clearly indicated that it was Meiji that bore the burden of demonstrating its adequacy. We do not read *Piper Aircraft* to require a rigidly formalistic approach to forum non conveniens inquiries. Courts are required to consider whether an alternate forum exists. Whether they do so at the beginning, the middle, or the end of written opinions is not dispositive of the adequacy of their analyses. We believe that Borden's suggestion to the contrary is ludicrous.

Second, Borden claims that the district court failed to recognize the limited, emergency nature of the relief it was seeking, i.e. a preliminary injunction in aid of arbitration. Borden claims that there is no provision for such a remedy in Japan when the arbitration is pending outside Japan. Borden's implication that arbitration currently is pending in New York is itself disingenuous. In

fact, a determination has not yet been made whether the underlying arbitration will be in New York or in Japan. Moreover, even if the arbitration were to proceed in the United States, the record relied upon by the court indicates a good possibility that a Japanese court would grant preliminary relief *even if the underlying arbitration were going forward in New York*. The court explicitly found that "there has been an adequate showing on Meiji's part that there is an alternative remedy available to Borden in the Japanese courts." This finding is adequately supported by the record.

Third, although Borden suggests that, in order for Japan to be considered an adequate forum, Japan must provide precisely the same remedies and in the same time-frame, this simply is not so. Rather, "some inconvenience or the unavailability of beneficial litigation procedures similar to those available in the federal district courts does not render an alternative forum inadequate." *Shields* v. *Mi Ryung Constr. Co.*, 508 F. Supp. 891, 895 (S.D.N.Y. 1981); *see also Alcoa*, *supra*, 654 F.2d at 159, where we affirmed the district court's dismissal, ("the prospect of a lesser recovery does not justify refusing to dismiss on the ground of forum non conveniens").

We do agree with Borden, however, that its rights would be unduly prejudiced if it were forced to wait years or even months to have a Japanese court review its application for some measure of temporary relief. The district court ordered that Borden may move to restore this action if preliminary injunctions prove to be unavailable in Japan. In dismissing the action only conditionally, the court sought to protect Borden's rights. *Calavo Growers* v. *Belgium*, 632 F.2d 963, 968 (2 Cir.

1980), *cert. denied*, 449 U.S. 1084 (1981). In order to provide a further measure of protection to Borden, we modify the district court's order so that Borden may reapply for a preliminary injunction in the Southern District of New York if the Japanese court does not decide Borden's application within 60 days after it is submitted. Meiji agreed to this modification of the district court's order at oral argument.

V.

To summarize:

We hold that we have subject matter jurisdiction in the instant case. New York procedural rules did not preclude dismissal of the action. The district court made adequate findings with respect to the existence of an alternate forum in Japan. It properly exercised its discretion by applying the *Gilbert* factors and conditionally dismissing on forum non conveniens grounds. We modify the court's dismissal order only insofar as it did not provide a time frame for a re-application for relief. We hold that Borden may return to the district court if Japan fails to act on its foreign application within 60 days. We have considered Borden's remaining arguments and find them to be without merit.

Affirmed as modified.

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

BORDEN, INC. Docket Number 90-8086

Plaintiff-Appellant,

-against-

MEIJI MILK PRODUCTS CO., LTD.

Defendant-Appellee.

Appellant seeks injunction pending appeal of order dismissing complaint which sought a preliminary injunction in aid of arbitration on forum non conveniens grounds.

Before: Hon. J. Daniel Mahoney, Hon. John M. Walker, Jr., CJJ. and Hon. John S. Martin, DJ.

IT IS HEREBY ORDERED that the motion be and it hereby is denied without prejudice with an application to an arbitrator for further interim relief. The appeal is expedited. Appellant shall file the

record, brief and joint appendix by 10/17/90. Appellee shall file a brief by 10/31/90. Any reply brief shall be filed by 11/5/90. The appeal shall be set for oral argument before the next available panel.

Elaine B. Goldsmith,
Clerk
/s/ Edward J. Guardaro
By: EDWARD J. GUARDARO
Deputy Clerk

OCTOBER 9, 1990

UNITED STATES COURT OF APPEALS
FILED
OCT 9 1990
ELAINE B. GOLDSMITH, CLERK
SECOND CIRCUIT

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BORDEN, INC. Docket Number 90-8086

Plaintiff-Appellant,

-against-

MEIJI MILK PRODUCTS CO., LTD.

Defendant-Appellee.

Appellant seeks injunction pending appeal of order dismissing complaint which sought a preliminary injunction in aid of arbitration on forum non conveniens grounds.

ORDER TEXT:

It is hereby ordered that the motion be and it is (sic) hereby is referred to the panel sitting on October 9, 1990 to offer an opportunity for answering papers to be filed, and in the meanwhile a stay of the order appealed from is GRANTED to October 9.

October 3, 1990

/s/Richard J. Cardamone

UNITED STATES COURT OF APPEALS
FILED
OCT 3 1990
ELAINE B. GOLDSMITH, CLERK
SECOND CIRCUIT

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

IN RE: BORDEN, INC.,

90-3054

Petitioner.

Before: Hon. Richard J. Cardamone, C.J.
Hon. Roger J. Miner, C.J.
Hon. Milton Pollack, D.J.

A petition for a writ of mandamus having been filed.

Upon consideration thereof, it is

ORDERED that said petition be and it hereby is DENIED as moot.

FURTHER ORDERED that the Clerk shall serve a copy of this order on the District Court Judge and all parties to the action in the trial court.

/s/Elaine B. Goldsmith, Clerk

By:/s/Edward J. Guardaro,
Deputy Clerk

Dated: October 2, 1990

UNITED STATES COURT OF APPEALS
FILED
OCT 02 1990
ELAINE B. GOLDSMITH, CLERK
SECOND CIRCUIT

ISSUED AS MANDATE. Oct. 5, 1990

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
----------X
BORDEN, INC.,

Plaintiff,

- against -

MEIJI MILK PRODUCTS CO., INC.,

Defendant.
----------X

OPINION AND ORDER

90 Civ. 5611 (MJL)

APPEARANCES:

PLUNKETT & JAFFE, P.C.
Attorneys for Plaintiff
280 Park Avenue
New York, New York 10017

BY: KEVIN J. PLUNKETT

SKADDEN, ARPS, SLATE, MEAGHER & FLOM
Attorneys for Defendant
919 Third Avenue
New York, New York 10022

BY: KENNETH A. PLEVAN

MARY JOHNSON LOWE D.J.

Defendant Meiji Products Inc. ("Meiji") brings this action pursuant to Fed. R. Civ. P. 12(b) requesting an order

dismissing the complaint of Borden, Inc. ("Borden") on the grounds of (i) forum non conveniens and (ii) that issuance of an extraterritorial injunction would be improper in this case. Borden opposes the motion. For the reasons stated below, defendant's motion to dismiss on forum non conveniens grounds is granted and the above-captioned action is dismissed.

BACKGROUND

Borden, a New Jersey corporation with its principal place of business in Columbus, Ohio, and its Executive offices in New York City, is a multi-national corporation engaged in the manufacture and distribution of food, dairy and consumer products in the United States and throughout the world. Meiji, Japanese corporation with its principal place of business in Tokyo and offices in New York City, is engaged in the manufacture and

distribution of milk and milk products in Japan and other parts of the world. In 1983, the parties entered into a Trademark License and Technical Assistance Agreement ("the Agreement") (Exhibit 1 to plaintiff's Matsuyama Affidavit). Section 17 of the Agreement provides that it is deemed to have been made in the state of New York, shall be governed by the laws of the state of New York, and that the English language controls it. Under this agreement, Borden licensed the use of its name and logo to Meiji to be used on a variety of margarine products manufactured and sold by Meiji in Japan for a period of seven years. The Agreement was performed entirely in Japan. The Agreement expires on October 3, 1990.

For the past seven years, Meiji has sold a number of margarine products bearing the Borden trademark, such as

"Borden Corn 100" and "Borden Healthy". The formulas and techniques used to manufacture the margarine are owned by Meiji (§§5.1 and 10 of the Agreement) and Meiji has obtained protection for the margarine packaging it has used and proposes to use under Japanese Design Patent Law. (Exhibit 2 to Defendant's Plevan Affidavit at Paragraphs 3,5).[1] Meiji contends that it developed the packaging entirely on its own, and that Borden's only involvement in the packaging was approval of the way in which the Borden logo was displayed, while Borden argues that the packaging was jointly developed. (Transcript of September 5, 1990 Hearing at 5, 26).

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[1] The packaging approved by the Japanese patent office contains an oval which is blank and in which the appropriate logo is then displayed.

After the expiration of the Agreement on October 3 of this year, Meiji intends to continue marketing the identical margarine products in the packaging that it has been using, but intends to replace the Borden logo on the package with the Meiji logo and to delete and identification of the products as Borden products. Borden contends that this marketing will be in violation of the Agreement provisions which prohibit Meiji's registering or using any "trademarks or trade names confusingly similar to [Borden's] Licensed Trademarks" (Agreement Section 4.1) and taking "any action which will tend to destroy, damage or impair the Licensed Trademarks or the title thereto" (Agreement Section 4.3). On August 24, 1990, pursuant to Section 17 of the Agreement, which contains an Arbitration provision stating that all

disputes arising in connection with the Agreement shall be finally settled by arbitration pursuant to the Japanese-American Trade Arbitration Agreement of September, 1952, Borden filed a demand for arbitration with the American Arbitration Association in New York, New York. The demand alleged that Meiji had breached the Agreement and unfairly competed with Borden. Borden requested a preliminary injunction enjoining Meiji from using the disputed or similar packaging and an award stating that Meiji had breached the Agreement and engaged in unfair competition, and awarding damages to Borden. (See Meiji Memorandum in Support of Its Motion at 5-7).

Borden alleges that Meiji intends to capitalize upon the goodwill built up over the years by Borden, and appropriate that goodwill be selling Meiji's product

in the same packaging which had borne the Borden logo for the past seven years. According to Borden, Meiji will be damaging and impairing Borden's trademark and obtaining an unfair advantage in the Japanese market by causing consumer confusion as far as packaging and placement on limited shelf/display space in Japanese stores. (Transcript at 29-30). Meiji concedes that it will be using the same packaging, but argues that it is fully authorized to do so under Japanese patent law, as the packaging is registered solely under Meiji's name, and, Meiji alleges, the Agreement is silent as to any use by Meiji of that packaging subsequent to the termination of the agreement. (Meiji Memorandum at 4.)

On August 30, 1990, Borden commenced a lawsuit in this Court, asserting claims for breach of contract

and wrongful destruction of goodwill. Borden sought a preliminary injunction against Meiji's use of the disputed packaging until the arbitration was resolved. On the same day, Borden obtained from the Part 1 judge an ex parte temporary restraining order prohibiting Meiji from using the disputed packaging, which order expired at 5 p.m. on September 5, 1990. Meiji filed its opposition to Borden's preliminary injunction motion on September 4, 1990, and this Court heard arguments from both sides at a hearing on September 5, 1990.

The Court denied Borden's request to extend the TRO against Meiji and scheduled a further hearing on the preliminary injunction issue for September 25, 1990. Meiji also indicated at that hearing that it intended to file the instant motion to dismiss the complaint on

grounds of extraterritoriality and forum non conveniens. (Transcript at 58). The motion to dismiss was filed on September 7, 1990.

DISCUSSION

The issue before this Court is whether Borden's request for a preliminary injunction should be ruled upon this Court, or if Meiji is correct and the request would more properly be before a court in Japan. If this Court finds that the action would more properly have been brought in the courts of Japan, it has the power to dismiss this action pursuant to Fed. R. Civ. P. 12(b). The decision whether or not to dismiss an action on forum non conveniens grounds is one within the reasonable discretion of this Court. Piper Aircraft v. Reyno, 454 U.S. 235, 257 (1981).

When determining whether or not

to dismiss an action on forum non conveniens grounds, the Court must consider a variety of private and public interests involved in the determination of whether a foreign country is a more appropriate forum. As far as private interests are concerned, "[i]mportant considerations are the relative ease of access to sources of proof, availability of compulsory process for attendance of unwilling, and the cost of obtaining attendance of willing, witnesses...the enforceability of a judgment if one is obtained...[and other] advantages and obstacles to fair trial". Gulf Oil v. Gilbert, 330 U.S. 501, 508 (1946). Public interest factors include "[a]dministrative difficulties [that] follow for courts when litigation is piled up in congested centers instead of at its origin... [and the] local interest in having localized

controversies decided at home." Id. at 508-509. The Supreme Court has stated that "dismissal [on forum non conveniens grounds] will ordinarily be appropriate where trial in the plaintiff's chosen forum imposes a heavy burden on the defendant or the court, and where plaintiff is unable to offer any specific reasons of convenience supporting his choice." Piper v. Reyno, 454 U.S. at 249.

As a preliminary matter, Borden contends that this Court should not apply the Gulf factors because this is only a preliminary injunction motion, rather than a full trial on the merits. (Borden Memorandum in Opposition to Meiji's Motion at 23.) However, both this Court and the Second Circuit have recognized that matters such as disputed motions to compel arbitration (rather than full trials on the merits) may be dismissed on forum non

conveniens grounds. Maria Victoria Naviera, S.A. v. Cementos Del Valle, 579 F.2d 1027 (2d Cir. 1985); Oil Basins, Ltd. v. Borken Hill Proprietary Co., 613 F. Supp. 483 (S.D.N.Y. 1985). Therefore, this Court finds it appropriate to apply the Gulf Oil standards to the instant motion.

In the instant case, defendant Meiji argues that all the important features of the case point to this preliminary injunction request being brought in Japan rather than in a federal court sitting in New York City. It is the finding of the Court that the defendant has carried the burden of showing the availability of an alternative forum

A. PRIVATE INTERESTS INVOLVED

All of the important factors underlying Borden's claims are centered in Japan. The Agreement, while signed in New

York, was mainly negotiated and entirely performed in Japan. (See Declaration of Hisashi Nakayama, Exhibit 1 to Plevan Affidavit at Paragraph 5.)

Section 18 of the Agreement states that any changes in the terms of the Agreement require the approval of the Japanese government. The actual margarine product being sold is manufactured by a Japanese company and sold only in Japan, to the Japanese consumers whom Borden contends will be confused by the planned Meiji sales. If Meiji's actions in selling their margarine product will constitute a breach of the Agreement or unfair competition, that breach and/or competition will take place solely in Japan and will affect only Japanese consumers and the Japanese market. This Court has found in earlier cases that matters which will affect only the

consumers and market of another country would be better resolved in that country. See Diatronics v. Elbit Computers, Ltd., 469 F.Supp. 122, 129 (S.D.N.Y. 1986).

It is also apparent from the papers submitted by both sides that all of the necessary fact witnesses are in Japan. Except for the affidavits of involved American lawyers, all of the affidavits submitted by both sides were of Japanese citizens, including plaintiff's executives in Japan. (Borden appears to have a substantial presence in Japan, and therefore should not be unduly burdened by having a hearing there.) Having all of those individual as well as any other potential witnesses called by the parties brought to the United States for what might be more than one evidentiary hearing pursuant to a request for a preliminary injunction would be extremely costly and

burdensome to both parties. More importantly, it is possible that before reaching a decision on a preliminary injunction request, this Court might wish to question others, individuals whom the parties might not have thought to call and over whom the parties might not have any authority. There is no way that this court could require those individuals to come to the United States, thus valuable sources of evidence as to the actual effect of this disputed packaging on the Japanese market and consumers might be lacking, making it difficult for this Court to reach a just result. This case involves many disputed issues, such as the degree of Meiji and Borden's respective involvement in the development of the disputed packaging, the realities of the Japanese dairy market, and the validity of Meiji's registration of the disputed

packaging under Japanese patent law. This Court is hesitant to rule on issues where the vast majority of, if not all, pertinent evidence is located in a foreign country. See Travelers Indemnity v. S/S Alca, 710 F.Supp. 497 (S.D.N.Y. 1989).

An additional Gulf factor mentioned above is the enforceability of a U.S. court's judgment in a foreign country. According to one of the affidavits offered by Meiji, under Japanese law a foreign judgment is not enforceable until final, and a preliminary injunction is not deemed final. (Meiji Memorandum at 19.) On the contrary, a preliminary injunction obtained in a Japanese court would clearly be enforceable in Japan. Id. Plaintiff Borden argues that under Japanese law, as soon as an injunction is served upon a party, it becomes binding, even if issued in the United States. (Plaintiff's Yumoto

Affidavit at Paragraph 9). At the very least, there is a substantial dispute as to whether or not an injunction issued by this court would be enforceable in Japan Japan would be enforceable there. In fact, Borden's attorney stated that for enforcement purposes Borden intended to take an order of this Court to Japan to start an expedited preliminary injunction hearing in those courts. (Transcript at 46.) In sum, the private factors involved all militate against this Court issuing a preliminary injunction in this case.

B. PUBLIC INTERESTS INVOLVED

Looking at the interests of the two potential forums in this case, it is clear that Japan has by far the greater interest. As discussed, supra, all of the activity surrounding this contract takes place in Japan, and deals with Japanese consumers and markets. None of the issues

covered by this contract or the resolution of any dispute with regard to the contract have or will have any effect on United States commerce. Compare Steele v. Bulova, 344 U.S. 280, 286 (1952)(diversion of sales to consumers who could find cheap, imitation watches just over Mexican border, as well as defendant's purchase of watch parts in the U.S. constituted sufficient effect on U.S. commerce). Borden raises a number of aspects of this case which it believes show substantial connection with New York, but their arguments are not persuasive.

First, Borden argues that it has filed its demand for arbitration in New York, and that therefore, pending a decision by the arbitrators as to the actual situs of the arbitration, New York is the forum for arbitration. (Borden Memorandum at 20.) This is simply not the case. Section 16

of the Agreement sates that both parties are bound by the Japan-American Trade Arbitration Agreement of 1952. That trade agreement specifically states that:

> [i]f the place where the arbitration is to be held is not designated in the contract, or the parties fail to agree in writing on such place, the party demanding arbitration shall give notice to the Arbitration Association of the country in which the party resides. That Association shall notify the parties that they have a period of about 14 days to submit their arguments and reasons for preference regarding the place...The determination of the place of arbitration by the Joint Arbitration Committed shall be final and binding upon both parties to the controversy. (See Exhibit 6 to Defendant's Plevan Affidavit.)

It is clear that Borden was required to file in the United States under the terms of the trade agreement, but that filing has no effect whatsoever on the situs of the arbitration when, as here, the parties did not designate a place for

arbitration in the contract.

The argument that this Court's decision to dismiss on forum non conveniens grounds will pre-determine the decision of the arbitrators as to the appropriate site (Borden Memorandum at 21) is equally without merit. Defendant could just as easily argue that a decision to keep this matter in a New York court would predetermine the decision, and that argument would be equally unconvincing. The arbitrators will make their decision based on the parties' submissions, and while they may reach the same conclusion as this Court, it will not be because of the decision by this Court.

Borden also argues that because New York law and the English language are to determine the interpretation of the contract, New York has substantial enough connection with this case to compel this

Court to make an injunctive finding. (Borden Memorandum at 22). However, it is well-settled that a choice of law provision is not the same as a choice of forum provision, as is clear even in cases cited by Borden in its memorandum of law. Oil Basins Ltd. v. Borken Hill Proprietary Co., 613 F.Supp. at 487-88. Although a Japanese court hearing this matter must apply New York law to the terms of this contract, we have no reason to believe that it would be incapable of doing so, particularly in light of the large number of United States and United States-trained legal experts available in Japan to advise the courts. (Meiji Reply Memorandum at 25).

Finally, Borden argues that New York law itself requires that this Court not dismiss on forum non conveniens grounds. Borden refers this Court to CPLR Sections

7502(c) and 327(b), and General Obligations law Sections 5-1401 and 5-1402. Assuming, arguendo, that this Court must follow New York state forum non conveniens rules, the rules cited still do not prohibit this Court from dismissing this case. CPLR §7501(c) states that the court in the county in which arbitration is pending may issue a preliminary injunction. This is not at issue - the question is not whether this Court may issue a preliminary injunction, but whether, in its judgment, it should exercise that power or have a more appropriate forum consider the controversy. CPLR §327(b) provides, in pertinent part, that:

> [a] court shall not stay or dismiss any action on the ground of inconvenient forum, where the action arises out of or relates to contract, agreement or undertaking to which section 5-1402 of the general obligations law applies, and the parties to the contract

have agreed that the law of this state shall govern their rights or duties in whole or in part.

General Obligations Law §5-1402 provides, in pertinent part, that:

> 1. The parties to any contract...relating to any obligation arising out of a transaction covering in the aggregate not less than two hundred fifty thousand dollars,... may agree that the law of this state shall govern their duties in whole or in part, whether or not such contract...bears a reasonable relation to this state...

General Obligations Law §5-1402 provides, in pertinent part, that:

> 1. ...any person may maintain an action or proceeding against a foreign corporation...where the action or proceeding arises out of or relates to any contract...for which a choice of New York law has been made in whole or in part pursuant to Section 5-1402 and which (a) is a contract...relating to any obligation arising out of a transaction covering in the aggregate, not less than one million dollars, and (b) which contains a provision or provisions whereby such foreign corporation or non-resident agrees to submit to the jurisdiction of the courts of this state. (emphasis added)

There is no provision in the Margarine Agreement under which Meiji agreed to submit to the jurisdiction of the New York courts. Implicitly, by agreeing to be governed by the Japanese-American Trade Agreement, Meiji agreed to submit to the jurisdiction of an arbitration committee sitting in the United States if the arbitration panel found that to be appropriate, but that is not the same as submitting to the jurisdiction of the Courts of New York. The cited New York statutes are inapplicable to the case at hand. Furthermore, the plaintiff based subject matter jurisdiction here both on diversity and on 9 U.S.C. §203. When subject matter jurisdiction is not based solely on diversity of citizenship, this Court has found it appropriate to apply federal principles of forum non

conveniens, and not state rules. See Indemnity Co. v. S/S Alca, supra.

An additional important public interest factor is the possibility of conflict with Japanese law. A major issue in this case is whether or not Meiji will be able to use packaging which, it contends, it has registered and has a right to use under Japanese patent law. The Second Circuit has held that:

> when trade-mark rights within the United States are being litigated in an American court, the decisions of foreign courts concerning the respective trade-mark rights of the parties are i r r e l e v a n t a n d inadmissible...Similarly, the rights and liabilities of United States citizens who compete with foreign nationals in their home countries are ordinarily to be determined by the appropriate foreign law.

Vanity Fair Mills v. T. Eaton Co., 234 F.2d 633, 639 (2d Cir.), cert. denied, 352 U.S. 871 (1956).

While Vanity Fair mainly concerned itself with Lanham Act issues, Borden argues that its demands for arbitration based on contract law and unfair competition should not be governed by that case. Any court deciding whether or not to permit Meiji to use its packaging pending resolution of arbitration must consider, when balancing equities, what rights Borden and Meiji each have in the packaging, and those rights will be affected by an interpretation of Japanese law. If, as Meiji argues, it has a legitimate right under Japanese trademark law to use the packaging, this Court would certainly be reluctant to make a finding that Meiji could not use the packaging, and to render a judgment contrary to Japanese law. A Japanese court is better equipped to interpret and apply the relevant trademark law if necessary, and,

as discussed, supra, it also has the capacity and the resources to properly apply basic New York contract law to the provisions of the Agreement as needed. Consideration of the relevant public interest factors dictates that this preliminary injunction motion should more properly be brought before a Japanese court.

C. AVAILABILITY OF AN ALTERNATIVE REMEDY

Borden argues that, due to the delay that it anticipates in getting a hearing before a Japanese court, it would be both inappropriate to dismiss this case on forum non conveniens grounds, and would constitute a denial of Borden's rights to due process. (Borden Memorandum at 18). As far as the due process issue is concerned, Borden is accurate in citing authority which states that "[u]nder some circumstances a delayed process may be so

deferred that it is no longer due, but not court has yet so held in the forum non conveniens context." Broadcasting Rights International Corp. v. Soceite du Tour de France, S.A.R.L., 708 F. Supp. 83, 86 (S.D.N.Y. 1989). This Court declines to break new ground in this case and make such a holding in the forum non conveniens context.

It is true that"...if the remedy provided by the alternative forum is so clearly inadequate or unsatisfactory that it is no remedy at all...the district court may conclude that dismissal would not be in the interests of justice." Piper v. Reyno, 454 U.S. at 254. while it may be the case that it will take longer to obtain a preliminary injunction in Japan than it would here, it is not the finding of this Court that delay is such that it is no remedy at all. Borden's

authorities argue that it could take "up to one" year to obtain injunctive relief. (Borden Memorandum at 18.) Not surprisingly, Meiji's authorities disagree, arguing that Borden may seek a preliminary injunction in aid of arbitration, and that it may be obtained expeditiously and ex parte. (September 21, 1990 Declaration of Takashi Nagahama at Paragraph 3). Meiji also argues that even in cases where there was potential substantial delay in the proceedings, the Second Circuit has held the slower forum to be an adequate one. See Cavalo Growers of California v. Belgium, 632 F.2d 963, 968 n.6 (2d Cir. 1980), cert. denied 449 U.S. 1084(1981). The procedures and remedies available in a Japanese court may not be identical to those available in a U.S. district court, but this does not render Japan an inadequate forum. See

Shields v. Mi Ryung Constr. Co., 508 F. Supp. 891, 895 (S.D.N.Y. 1981); Alcoa Steamfhip Co., Inc. v. M/V Nordic Regent, 654 F.2d 147, 159 (2d.Cir.), cert. denied, 449 U.S. 890 (1980). It is this Court's finding that there has been an adequate showing on Meiji's part that there is an alternative remedy available to Borden in the Japanese courts.

Therefore, this Court having found that a consideration of both private and public interests shows that Japan is a more convenient forum, and having found that there is a remedy available to the plaintiff in Japan, the defendant's motion is granted, and this action is dismissed. However, to insure that plaintiff is not left remediless in case plaintiff's experts are correct and preliminary injunctions are not available in Japan, should the Japanese court refuse to

exercise jurisdiction or Meiji refuse to submit to its jurisdiction, plaintiff may move in this court to restore this action. See Schertenleib v. Traum, 589 F.2d 1156, 1166 (2d Cir. 1978).

It Is So Ordered.

Dated: October 2, 1990
New York, New York

/s/Hon. Mary Johnson Lowe
U.S. Dist. Judge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
----------X

BORDEN, INC.

Plaintiff,

-against-

MEIJI MILK PRODUCTS, CO., LTD.

Defendant.
----------X

Upon consideration of the Summons and Complaint, the Demand for Arbitration, the affidavit of Kazuo Matsuyama dated August 29, 1990 and the exhibits attached thereto, the affidavit of Kevin J. Plunkett, Esq. dated August 29, 1990 including the certification pursuant to Rule 65(b) of the Federal Rules of Civil Procedure and the exhibits attached thereto, Plaintiff's Memorandum in support of Plaintiff's Motion for a Temporary Restraining Order and Order to Show Cause for a Preliminary Injunction in aid of

arbitration, and CPLR §7502(c), and the Court having heard the arguments of counsel and being fully advised as to the basis of said motion, and the Court having determined that it clearly appears from the facts that;

(a) without a preliminary injunction any award to which Borden would be entitled in arbitration would be rendered ineffectual;

(b) a preliminary injunction is necessary to preserve the status quo between the parties pending an arbitration of this matter to prevent irreparable harm to Borden which is caused by Meiji's appropriation of Borden trade dress and goodwill;

(c) Borden will likely succeed on the merits of the controversies being arbitrated;

(d) the equities are decidedly in

favor of Borden; and

(e) there is no adequate remedy at law to Borden.

IT IS THEREFORE, ORDERED, that defendant, Meiji Milk Products, Co., Ltd. and all officers, agents, servants, employees and attorneys and those persons in active concert or participation with them shall be and are hereby temporarily restrained and enjoined, until September 5, 1990 at 5:00 p.m. EST, from selling, marketing, distributing, advertising and/or promoting for sale margarine products which are in packaging with designs, labels, or product names confusingly similar to Borden margarine products including those which heretofore have been known as Borden Corn 100, Borden Corn 100 Portion Pack, Borden Corn 100 Low Fat, Borden Cake Margarine, Borden Rich Blend and Borden Cooking or the Japanese

equivalent and it is further

ORDERED, that the parties shall appear before this Court on September 5, 1990, Court Room 102 of the United States District Court for the Southern District of New York, at 10:00 a.m., and shall then and there show cause why a preliminary injunction in aid of arbitration should not issue against the defendant in this case on the same terms and conditions as specified in the temporary restraining order; and it is further

ORDERED, that plaintiff shall post bond in the amount of $10,000.00 for the issuance of this temporary restraining order by or before 4:00 p.m., August 31, 1990 and it is further

ORDERED, this 30th day of August, 1990 at New York, New York

/s/_____
United States District Judge
Hon. Robert P. Patterson
12N

UNITED STATES DISTRICT COURT
FILED
AUG 30 1990
SD OF NY

Supreme Court, U.S.
FILED
MAY 8 1991
OFFICE OF THE CLERK

No. 90-1561

IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

BORDEN, INC.,

Petitioner,

v.

MEIJI MILK PRODUCTS CO., LTD.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

BARRY H. GARFINKEL
(Counsel of Record)
919 Third Avenue
New York, New York 10022
(212) 735-3000

Attorney for Respondent Meiji Milk Products Co., Ltd.

Of Counsel:

WILLIAM P. FRANK
JEROME S. HIRSCH
SAMUEL KADET
STEVEN J. KOLLEENY

SKADDEN, ARPS, SLATE, MEAGHER & FLOM

May 8, 1991

COUNTERSTATEMENT OF QUESTIONS PRESENTED

1. Should certiorari be granted where the underlying litigation is moot because Petitioner is no longer requesting a preliminary injunction in aid of arbitration, the only relief sought in the proceedings below?

2. Should certiorari be granted so this Court may consider whether, in the context of a district court's determination of a *forum non conveniens* motion, the adequacy of an alternative forum must be analyzed at the beginning as opposed to the end of the decision, where the Court of Appeals for the Second Circuit has characterized this argument as "ludicrous," and there is no conflict in the Courts of Appeal on this issue?

3. Should certiorari be granted so this Court may consider whether a district court may dismiss a complaint on *forum non conveniens* grounds after receiving extensive written submissions by the parties, but without hearing oral argument, where the Court of Appeals for the Second Circuit has found that the failure to hear oral argument did not affect the outcome of the district court's *forum non conveniens* analysis?

RULE 29.1 STATEMENT

As required by Rule 29.1 of the Rules of the United States Supreme Court, Meiji Milk Products Co., Ltd. states that its subsidiaries, non-wholly owned, are:

Hokkaido Meihan K.K.
Tokyo Milk Unyu K.K.
Meiji Frozen K.K.
Osaka Hosho Milk K.K.
Sanin Meiji Milk K.K.
Tochigi Meihan K.K.
Fukui Meihi Milk K.K.
Shiga Meihan K.K.
Kyoto Meihan K.K.
K.K. Asahi Broiler
Meiji Custom Beef K.K.
K.K. Kantora
K.K. Saimei
Tokyo Sharyo K.K.
Hamamatsu Milk K.K.
Hamamatsu Meiji Milk K.K.
Fukushima Meiji Milk K.K.
Nippon Kanzume K.K.
K.K. Camp
Meiji Kenko Ham K.K.
Meiji Borden K.K.
Okinawa Meiji Milk K.K.
K.K. KCS
Hakodate Ice Cream K.K.
Meiji Frozen Desert K.K.
Kumamoto Meiji Milk K.K.
Mie Meiji Milk K.K.

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No. 90-1561

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ON PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

OPINIONS BELOW AND JURISDICTION

The opinions below are set forth as Appendices 1-61 to the petition for writ of certiorari ("petition"). While Petitioner claims that jurisdiction lies under 28 U.S.C. § 1254(1), Respondent disputes that claim for the reasons set forth herein.

I.

COUNTERSTATEMENT OF THE CASE

Preliminary Statement

Both legally and factually, this case differs substantially from the one depicted by Petitioner Borden, Inc. ("Borden"). At the outset, the petition is moot because Borden has declared that it is no longer seeking a preliminary injunction in aid of arbitration, which is the only relief that Borden requested in the proceedings below. Indeed, Borden has yet to commence an arbitration proceeding in Japan although the standing three-member "Joint Arbitration Committee" designated Japan as the location of the arbitration over four months ago on December 20, 1990.[1]

Borden also fails to provide the "special and important reasons" necessary for issuance of a writ of certiorari as required by Rule 10.1 of this Court's rules. Borden's first argument, that a district court must discuss *forum non conveniens* factors in a specific *order* in its opinion, was labelled "ludicrous" by the Court of Appeals for the Second Circuit. Not surprisingly, there is no conflict in the decisions of the Circuits.

Borden also fails to demonstrate that the district court and Second Circuit "so far departed from the accepted and usual course of judicial proceedings" as to invoke this Court's cautiously exercised "powers of supervision" pursuant to Rule 10.1 of the Supreme Court Rules. Contrary to Borden's contention, the district court acted properly by dismissing Borden's complaint based on the extensive record submitted by the parties, although without hearing oral argument. Further, the Second Circuit correctly found that any alleged "erroneous assumption" that might have resulted from the district court's decision not to hear oral argument did not prejudice the outcome of its *forum non conveniens* analysis.

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[1] The Joint Arbitration Committee determines the location of arbitrations pursuant to a September 1952 trade agreement between the Japan Commercial Arbitration Association and the American Arbitration Association (the "Japan-U.S. Trade Agreement").

Therefore, Respondent Meiji Milk Products Co., Ltd. ("Meiji") respectfully requests that this Court deny the petition for writ of certiorari.

The Parties

Petitioner Borden is a New Jersey corporation with its principal place of business in Columbus, Ohio. Borden is engaged in the manufacture and distribution of food, dairy, and consumer products. (A 27)[2] Respondent Meiji is a Japanese corporation with its principal place of business in Tokyo. Meiji is engaged in the manufacture and distribution of milk and milk products primarily in Japan. (A 27-28)

The Margarine Agreement

In 1983, Meiji and Borden entered into a trademark license and technical assistance agreement involving margarine products (the "Margarine Agreement") pursuant to which Borden granted Meiji an exclusive license to use in Japan certain Borden trademarks on margarine products. (A 28-29) The margarine products sold under Borden's name were manufactured by Meiji in Japan with Meiji's proprietary technology and formulas, and were sold exclusively to Japanese consumers. (A 29)

Throughout the term of the Margarine Agreement, all of the margarine products manufactured by Meiji were sold in packaging designed and developed solely by Meiji. (A 29) Meiji filed the packaging designs with the Japan Patent Office in 1983 to protect its rights to its packaging, and these designs were registered in Meiji's name on October 25, 1985 and January 31, 1986. (A 29) As a matter of Japanese law, these publicly available design registrations provide Meiji with the exclusive right to use the packaging in Japan and bar any claim of unfair competition under Japanese law. (Kadet Aff ¶7)[3] Further, the agreement

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[2] Citations to "A" are to the Appendices to the petition for writ of certiorari.

[3] See Affidavit of Samuel Kadet In Opposition to Motion For An Injunction Pending Appeal and in Response To Motion For An Expedited Appeal filed in the Court of Appeals for the Second Circuit (No. 90-8086), annexed hereto as Appendix 1 ("Kadet Aff"). To avoid burdening the Court, we have not submitted the voluminous exhibits annexed to the Kadet Affidavit.

granted Borden no right of ownership to any packaging or product designations. (Kadet Aff ¶8)

The Margarine Agreement expired by its terms on October 3, 1990. Subsequently, Meiji has continued to use the same margarine products and packaging, but has ceased using the Borden name and logo; the margarine products now bear only Meiji's name. (Kadet Aff ¶15)

The Demand To Determine
The Situs Of The Arbitration

On August 24, 1990, Borden filed with the American Arbitration Association in New York an arbitration demand (the "Situs Demand") under Section 16 of the Margarine Agreement. Section 16 provides that any disputes arising in connection with the contract shall be settled by arbitration pursuant to the Japan-U.S. Trade Agreement. (A 30-31)

Since the Margarine Agreement did not set any location for the arbitration, the only effect of the Situs Demand was to convene a panel from the Joint Arbitration Committee which would then decide the location of the arbitration. (Kadet Aff ¶9) Meiji argued that Japan was the proper location for the arbitration since the dispute involved products manufactured and sold only in Japan to Japanese consumers, affected only Japanese commerce, and almost all witnesses and documents were located in Japan. The Joint Arbitration Committee, agreeing with Meiji's position, issued a decision on December 20, 1990, that any dispute involving the Margarine Agreement should be arbitrated in Japan.* (Kadet Aff ¶9)

Over four months have elapsed since the decision by the Joint Arbitration Committee was issued, yet to date Borden has not taken a single step to commence arbitration proceedings in Japan. Borden has not even filed a Demand for Arbitration with the Japan Commercial Arbitration Association.

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* Meiji also argued to the Joint Arbitration Committee that Japan was the proper location for arbitration of a dispute between Borden and Meiji concerning an agreement involving ice cream ("Ice Cream Agreement"). The committee agreed and designated Japan as the proper location for arbitration of both the Margarine and Ice Cream Agreements in its December 20, 1990 decision.

Prior Judicial Proceedings

District Court

On August 30, 1990, Borden commenced this action against Meiji in the United States District Court for the Southern District of New York. In its complaint, Borden asserted two claims, one for breach of contract under Section 4.3 of the Margarine Agreement and one for "wrongful destruction of goodwill." (A 32-33) By way of relief, Borden requested in its complaint that the District Court issue a preliminary injunction prohibiting Meiji from using the disputed packaging until the arbitration was concluded. (A 32-33)

At a hearing held on September 5, 1990, the district court heard argument on, and then denied, Borden's request for a preliminary injunction in aid of arbitration. The Court scheduled a further hearing for September 25, 1990. (A 33) In addition, Meiji was given leave to file a motion to dismiss on *forum non conveniens* grounds, also to be made returnable on September 25. (A 33-34)

Meiji filed its motion for a *forum non conveniens* dismissal on September 7, 1990. The answering papers were filed on September 17, and Meiji's reply was filed on September 21. (A 11) In addition to the briefs, both parties collectively submitted ten affidavits, including six affidavits from Japan, as well as numerous exhibits, articles and other legal materials. Thus, the district court had an extensive record upon which to base its decision. (Kadet Aff ¶¶14, 15)

Meiji contended in its papers that a New York court should decline to adjudicate the margarine lawsuit, much less issue a preliminary injunction, since the dispute involved only Japanese commerce and had no effect whatsoever on United States commerce. Further, Meiji observed that virtually every significant event underlying the dispute occurred in Japan and that the great majority of witnesses were Japanese citizens and residents. Meiji also noted that Japan was an adequate forum in which to litigate this action since the Japanese courts had special

proceedings in which Borden's request for a preliminary injunction could be heard promptly.

Borden, on the other hand, argued primarily that the district court should not dismiss its complaint because Japan was an inadequate forum in which to seek a preliminary injunction. According to Borden, "[a]ny request by Borden for injunctive relief would be litigated before the Japanese courts for months if not years." (Plunkett Aff ¶62(b)(ii))[5]

On Thursday, September 20, 1990, counsel for Meiji was advised by a law clerk that the district court wished to receive Meiji's reply papers on its motion to dismiss by 3 p.m. on September 21, instead of at 5 p.m. Meiji complied with this request. (A 11) On Friday, September 21, 1990, at approximately 6:15 p.m., the district court's chambers informed counsel for Meiji and Borden that the court had determined to dismiss Borden's complaint on the grounds of *forum non conveniens*. (A 11)

On October 3, 1990, the district court issued its Opinion concerning the *forum non conveniens* dismissal. (A 11-12) In the Opinion, the court specifically held "at the outset": "It is the finding of the court that the *defendant has carried the burden of showing the availability of an alternative forum*." (emphasis added) (A 37) After making this finding, the district court proceeded to fully analyze each of the *forum non conveniens* factors set forth in *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501 (1947). (A 37-55)

Borden states in the petition that, because the district court did not hear oral argument on the *forum non conveniens* motion, the district court was not aware that on September 21, "Borden and Meiji had agreed that no Japanese witness would be called at the preliminary injunction hearing . . ." (Pet 9)[6]

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[5] *See* Affidavit of Kevin J. Plunkett in Support of Motion for an Injunction Pending Appeal Pursuant to Fed. R. App. P. 8(a), filed in the Court of Appeals for the Second Circuit (No. 90-8086).

[6] Citations to "Pet ____" are to the petition for writ of certiorari filed April 7, 1991.

Borden's statement is simply not true. Counsel for Meiji had in fact planned to bring a Meiji executive from Japan to the September 25 hearing, and had reserved the right to call him as a witness. (Kadet Aff ¶16)

Further, Borden did not seek reargument or otherwise challenge any of the district court's alleged factual errors or "erroneous assumption" about witnesses, although Civil Rule 3(j) of the Rules of the United States District Court for the Southern District of New York provides that a notice of motion for reargument may be served within ten days after the court's opinion has issued if there are "matters or controlling decisions which counsel believes the court has overlooked."

The Appeal to the Second Circuit

Instead of bringing its version of the agreement concerning witnesses to the attention of the district court by seeking reconsideration, Borden proceeded on to the United States Court of Appeals for the Second Circuit. On October 3, 1990, Borden filed its Notice of Appeal and made a motion to the Second Circuit for an injunction barring Meiji from using the disputed packaging pending appeal and for an expedited appeal. (A 24) On October 9, 1990, a panel of the Second Circuit heard oral argument on Borden's motion. At the conclusion of oral argument, the Court granted Borden's unopposed request for an expedited appeal, but denied its motion for an injunction pending appeal. (A 22, 23)

Oral argument was heard on Borden's appeal on November 13, 1990. On November 21, 1990, the Second Circuit affirmed the district court's dismissal of Borden's complaint on *forum non conveniens* grounds. The court gave Borden leave to file a new action in district court, however, if Borden applied for injunctive relief in Japan and the Japanese Court did not entertain the application within sixty (60) days after it was filed. (A 20-21) Borden's petition to the Second Circuit for rehearing *en banc* was denied on January 7, 1991. (A 1, 2) The Second Circuit issued its mandate on January 22, 1991. (A 5, 6)

The Petition For Writ Of Certiorari

Borden filed the petition on April 7, 1991, almost seventy-five days from the date that the Second Circuit issued its mandate on January 22, 1991, and over four months from the time that the Second Circuit issued its Opinion on November 21, 1990.[7]

Borden never filed any action in Japan for alleged breach of the Margarine Agreement. In fact, Borden has conceded in the petition that it will not file an action in Japan because "the Margarine Agreement ha[s] expired." (Pet 14, n.4)

Moreover, Borden has also conceded that it "has not yet filed its demand for arbitration in Japan," even though it has been well over four months since the Joint Arbitration Committee issued its decision that any arbitration proceedings in this dispute and the dispute between the parties involving ice cream must be held in Japan. (Pet 6, n.2) Thus, Borden failed to take a single step to commence the arbitration in aid of which it ostensibly sought a preliminary injunction from the district court.

II.

REASONS FOR DENYING THE WRIT

A. THE PETITION IS MOOT BECAUSE BORDEN IS NO LONGER SEEKING THE RELIEF REQUESTED IN THE PROCEEDINGS BELOW

A federal court is "without power to decide questions that cannot affect the rights of litigants in the cases before them." *North Carolina v. Rice*, 404 U.S. 244, 246 (1971) (citing *Oil Workers Union v. Missouri*, 361 U.S. 363, 367 (1960)). Thus, a case becomes moot and cannot be reviewed by this Court "'when the issues presented are no longer 'live' or the parties lack a legally cognizable interest in the outcome.'" *Murphy v.*

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[7] Borden's lackadaisical filing of its petition for a writ of certiorari may be explained in part by the fact that it is no longer seeking a preliminary injunction, the relief requested below. (Pet 14, n.4)

Hunt, 455 U.S. 478, 481 (1982) (quoting *United States Parole Comm'n v. Geraghty*, 445 U.S. 388, 396 (1980), *cert. denied*, 456 U.S. 1103 (1984)).

Conspicuously absent from Borden's petition is any specific request for relief. This is because Borden lacks a "legally cognizable interest" in this litigation. Borden petitions this Court to consider the district court's denial on *forum non conveniens* grounds of Borden's request for a preliminary injunction in aid of arbitration *even though Borden is no longer seeking any preliminary injunction*. In fact, Borden has yet to take any action to file a demand for arbitration in Japan, although it has had over four months to do so.

In a footnote to its petition, Borden attempts to explain its decision not to seek a preliminary injunction by noting that "[t]he Court of Appeals modified the District Court by permitting Borden to commence a new action in the District Court if a Japanese Court did not decide Borden's application within 60 days of filing." (Pet 14, n. 4) Borden then claims that "[b]y the time the decision of the Court of Appeals was filed and the petition for rehearing denied, the Margarine Agreement had expired. Accordingly, Borden did not file for a preliminary injunction in Japan in this case." (*Id.*) But, as this Court recently held in *Deakins v. Monaghan*, 484 U.S. 193, 199-200 (1988), when, as here, an underlying claim for preliminary injunctive relief is withdrawn, any petition for certiorari on issues arising out of those claims is mooted. This is true even though "a controversy existed at the time the complaint was filed, and continued to exist when review was obtained in the Court of Appeals." *Id.* at 199.

Although Borden admits that it is not seeking a preliminary injunction, Borden incorrectly assures this Court that "[t]his case presents a justiciable controversy to the extent that direction from this Court" is necessary to "clarify" the law and "correct" irregular procedural practices. (Pet 18, 30) This Court has repeatedly admonished, however, that "[t]o be cognizable in a federal court, a suit . . . 'must be a real and substantial controversy admitting of specific relief through a decree of a

conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts.'" *Rice*, 404 U.S. at 246 (quoting *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240-41 (1937)).

Borden's petition is moot, and is nothing more than an attempt to obtain an advisory opinion from this Court. "'[M]oot questions require no answer.'" *Rice*, 404 U.S. at 246 (quoting *Missouri, Kansas & Texas Ry. Co. v. Ferris*, 179 U.S. 602, 606 (1900)). Therefore, a writ of certiorari should not issue.

B. BORDEN'S COMPLAINT WAS PROPERLY DISMISSED PURSUANT TO THE DOCTRINE OF *FORUM NON CONVENIENS*

The standards for grant of a writ of certiorari are stringent. "A review on writ of certiorari is not a matter of right, but of judicial discretion. A petition for writ of certiorari will be granted only when there are special and important reasons therefor." Sup. Ct. R. 10.1. Borden has wholly failed to meet these requirements because, as the Court of Appeals for the Second Circuit correctly found, the district court properly applied the factors for the doctrine of *forum non conveniens* articulated by this Court in *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501 (1947).

This Court has instructed that, under the doctrine of *forum non conveniens*, a court may dismiss an action over which it has jurisdiction when, considering a series of private and public interest factors and the availability of an alternative forum, it is more appropriate to resolve the dispute in another forum. *Id.* at 507. Further, an appellate court may overturn a trial court's dismissal on the ground of *forum non conveniens* only if the trial court committed "a clear abuse of discretion." *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 237 (1981).

1. The District Court Did Not Commit A Clear Abuse Of Discretion In Finding That Japan Was An Adequate Alternative Forum

Borden's first argument on appeal does not challenge the district court's application and weighing of the various public

and private interests factors identified by the Supreme Court in *Gulf Oil Corp. v. Gilbert*. Rather, Borden challenges the district court's finding that Japan was an adequate alternative forum in which Borden could seek a preliminary injunction in aid of arbitration. Borden specifically attacks, as it did on appeal, the district court's opinion on the theory that it improperly placed on Borden the burden of demonstrating that Japan was not an adequate alternative forum. (Pet 26, n.6) According to Borden, the district court shifted the burden of proof by failing to consider "at the outset" whether Japan was an adequate alternative forum — a requirement Borden claims must be read into this Court's holding in *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 254 n.22 (1981).[5] (Pet 22, 26, n.6)

As a preliminary matter, the district court did in fact determine that an alternative forum was available "at the outset" of its opinion. *Prior* to analyzing the *Gilbert* factors, the court held: "It is the finding of this Court that the defendant has carried the burden of showing the availability of an alternative forum." (A 37)

With respect to Borden's argument that *Piper Aircraft* requires a "sequential" analysis of *forum non conveniens* issues, the Second Circuit admonished Borden that its argument "borders on the frivolous." (A 19) The court stated:

> We do not read Piper Aircraft to require a rigidly formalistic approach to *forum non conveniens* inquiries. Courts are required to consider whether an alternative

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[5] Borden relies on the following language in *Piper Aircraft*:

> At the outset of any *forum non conveniens* inquiry, the court must determine whether there exists an alternative forum. Ordinarily, this requirement will be satisfied when the defendant is "amenable to process" in the other jurisdiction. In rare circumstances, however, where the remedy offered by the other forum is clearly unsatisfactory, the other forum may not be an adequate alternative, and the initial requirement may not be satisfied.

454 U.S. at 254 n.22 (quoting *Gilbert*, 330 U.S. at 506-07).

> forum exists. Whether they do so at the beginning, the middle, or the end of written opinions is not dispositive of the adequacy of their analyses. We believe that Borden's suggestion to the contrary is ludicrous.

(A 19)

In any event, regardless of whether the district court considered the adequacy of the alternative forum "at the outset" or conclusion of its analysis, it clearly placed the burden of proof on that issue on Meiji. The district court stated in its opinion that "[i]t is the finding of the Court that [Meiji] has carried the burden of showing the availability of an alternative forum." (A 37)[9] The Second Circuit confirmed that "[t]he district court squarely addressed the adequacy of Japan as a forum in its written opinion and clearly indicated that it was Meiji that bore the burden of demonstrating its adequacy." (A 19)[10]

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[9] The record evidence before the district court fully justified its finding that Japan is an adequate alternative forum. The district court relied on affidavits of Japanese attorneys, as well as Japanese and American authorities, which confirmed that an injunction in aid of arbitration can be obtained in the Japanese courts in an appropriate case.

[10] Borden also misleadingly claims that its "position that no adequate alternative forum exists is fairly supported" because, in the dispute between the parties involving ice cream, the Japanese court did not issue a decision on Borden's application for a preliminary injunction within sixty days. (*See* Pet 14, 15 n.4) Because Borden improperly introduced this matter, which is outside of the record, Meiji must correct Borden's distortion of the facts about the ice cream litigation in Japan.

In fact, the expeditious manner in which the Japanese Court handled Borden's application for an injunction in aid of arbitration demonstrates that Japan provides a perfectly adequate forum in which to litigate Borden's injunction application. The 9th Division of the Tokyo District Court, which handles requests for emergency relief, acted swiftly and intensively on Borden's application for an injunction. Two conferences and two hearings were conducted within a month after Borden's application was filed on February 6, 1991. Between February 27 and March 14, the Japanese Court also devoted

(Footnote continued)

In the face of the Second Circuit's severe criticism of Borden's argument as "ludicrous," Borden raises the same argument before this Court. Borden is still unable to explain, however, how the *order* in which *forum non conveniens* issues were considered by the district court served to shift the burden of proof to Borden, or altered the outcome of the court's determination that Japan was an adequate alternative forum. In fact, the practical reason why courts often analyze the alternative forum issue "at the outset" is that, if an alternative forum does not exist, then the public and private interest factors do not need to be addressed. When, as here, the Court determines that an adequate alternative forum exists, then the Court must address all of the *Gilbert* factors. But we submit that the order in which the court does so is of little moment.

There is no basis whatsoever to grant certiorari on this issue.

2. There Is No Conflict In The Courts Of Appeal

Borden makes a transparent attempt to manufacture a conflict among the United States Courts of Appeal by contending that at least three circuits require a strict sequential analysis of the *forum non conveniens* factors. Not surprisingly, none of the authorities cited by Borden address, much less support, Borden's argument that a court's analysis of *forum non conveniens* issues is fatally flawed unless the issue of an adequate alternative forum is discussed "at the outset" of the court's analysis.

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over two weeks to mediating four settlement negotiation conferences, a common practice in Japan. At the conclusion of the last settlement conference on March 14, the Chief Judge of the Japanese Court stated in open court that the Court expected to issue a written decision by the end of March, although that date could extend to the beginning of April in order to finish the final printing.

It is noteworthy that, although a decision from the Japanese Court was imminent on Borden's application for a preliminary injunction, Borden unilaterally withdrew its application in the first hours of the sixty-first day, and sought to refile its motion for a preliminary injunction with the District Court for the Southern District of New York, which is considering the application.

In fact, only one other circuit court, the Court of Appeals for the District of Columbia, has even considered whether a *forum non conveniens* analysis must be conducted in a systematic manner, and that court rejected such a rigid approach. *See Friends for All Children, Inc. v. Lockheed Aircraft Corp.*, 717 F.2d 602, 606 (D.C. Cir. 1983). In *Lockheed Aircraft*, the appellants argued that the district court erred in failing to dismiss an action on *forum non conveniens* grounds because the court did not consider in a "systematic" manner the factors relevant to a *forum non conveniens* analysis. Indeed, in that case, unlike in this action, the D.C. Circuit concluded that the district judge had only cursorily addressed the issue of an adequate alternative forum. Nevertheless, the court rejected appellant's argument, concluding:

> While *forum non conveniens* motions are to be evaluated through the exercise of structured discretion, appellants go too far in arguing that the trial court must address and explicitly weigh, one against the other, each of [the *forum non conveniens*] factors. Nothing so mechanical is required. Availability of adequate alternative fora is a threshold test only in the sense that a *forum non conveniens* motion cannot be granted unless the test is fulfilled.

Id. at 607.[11]

The decisions cited by Borden in support of its argument that there is a conflict within the circuits are inapposite since the *order* in which the trial court addressed the *forum non conveniens*

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[11] By contrast, the cases are legion in which the trial court did not consider the issue of an alternative forum "at the outset" of its *forum non conveniens* analysis. *See, e.g., Travelers Indemnity Co. v. S/S Alca*, 710 F. Supp. 497, 502 (S.D.N.Y.), *aff'd mem.*, 895 F.2d 1410 (2d Cir. 1989); *Flair Resources, Ltd. v. Peat Marwick Int'l*, Civ. No. 87-105-RE (D. Or. Feb. 8, 1988) (1988 U.S. Dist. Lexis 17481); *Tisdale v. Shell Oil Co.*, 723 F. Supp. 653, 658-59 (N.D. Ala. 1987); *Broadcasting Rights Int'l Corp. v. Societe du Tour de France*, 675 F. Supp. 1439 (S.D.N.Y. 1987); *Shields v. Mi Ryung Constr. Co.*, 508 F. Supp. 891, 895-97 (S.D.N.Y. 1981).

issues was not in dispute. Rather, these cases merely repeat the standards for a *forum non conveniens* analysis articulated by this Court in *Gilbert* and *Piper Aircraft*.[12]

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In sum, the district court meticulously undertook an analysis of all relevant factors and concluded that *forum non conveniens* dismissal was appropriate. Further, there is no support whatsoever, either legal or factual, for Borden's argument that a district court clearly abuses its discretion when it does not consider the question of whether an adequate alternative forum exists "at the outset" for a *forum non conveniens* analysis. There is, thus, no basis to conclude that the district court abused its discretion, no conflict among the courts of appeals, and no reason for a writ of certiorari to issue here.

C. THAT THE DISTRICT COURT DID NOT HEAR ORAL ARGUMENT IS NOT AN IMPROPER PROCEDURE AND, IN ANY EVENT, DID NOT ALTER THE OUTCOME OF ITS ANALYSIS

Borden's next challenge to the district court's dismissal of its complaint, and the Second Circuit's affirmance thereof, is based on the flawed premise that the district court committed a procedural irregularity by rendering a decision without entertaining oral argument, even though the court had received full written submissions by both parties. (Pet 27, 28) Borden contends that the district court thereby made an allegedly erroneous finding of fact that witnesses from Japan would attend the

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[12] For example, in *Quintero v. Klaveness Ship Lines*, 914 F.2d 717 (5th Cir. 1990), the issue was whether the district court properly included a choice-of-law determination as part of the public interest factors in a *forum non conveniens* analysis. The Fifth Circuit, in holding that the choice-of-law question was properly considered as a public interest factor, merely noted that the methodology employed by the district court in its *forum non conveniens* analysis was sound. The appellant did not raise, and the Fifth Circuit did not consider, whether a district court must conduct its *forum non conveniens* analysis in any particular order.

preliminary injunction hearing when, according to Borden, the parties had agreed prior to the district court's decision that no witnesses from Japan would be called.[13] (A 28) Borden asserts that this "erroneous assumption" would have been brought to the court's attention at oral argument, and would have changed the outcome of the district court's *forum non conveniens* analysis. Based on these alleged procedural irregularities, Borden seeks to invoke this Court's cautiously exercised "power of supervision" to regulate proceedings in the federal courts. *See* Sup. Ct. R. 10.1(a).[14]

Borden completely fails to show under Rule 10.1(a) that either the district court or the Second Circuit "so far departed from the accepted and usual course of judicial proceeding" as to require the exercise of this Court's supervisory powers. First, the

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[13] Borden's claim that no witnesses from Japan were scheduled to attend the preliminary injunction hearing is flatly wrong. A Meiji executive was in fact scheduled to arrive in New York for the hearing, and counsel for Meiji had expressly reserved the right to call him as a witness. (Kadet Aff ¶ 6)

[14] It is respectfully submitted that this Court's "power of supervision" should be exercised only where "[s]uch cases qualify for review by reason of their importance, novelty or difficulty." R. Stern & E. Gressman, *Supreme Court Practice* 220 (6th ed. 1986). For example, this Court's supervisory powers have been used in criminal proceedings where convictions have been obtained through abusive practices by the trial court, or where important procedural issues have arisen regarding rules of evidence and prosecutorial misconduct. *See, e.g., McNabb v. United States*, 318 U.S. 332, 341 (1943) (establishing this Court's supervisory authority to set procedures for the admissibility of evidence in criminal trials); *Jenkins v. United States*, 380 U.S. 445, 446 (1965) (reversing conviction based on improper instruction to the jury that a verdict had to be reached); *see also*, Beale, *Reconsidering Supervisory Power in Criminal Cases: Constitutional and Statutory Limits On The Authority Of The Federal Courts*, 84 Colum. L. Rev. 1433, 1434 (1984). In civil proceedings, this Court has rarely exercised its supervisory powers, and then almost exclusively for important and far-reaching procedural issues, such as the establishment of the work-product doctrine. *See Hickman v. Taylor*, 329 U.S. 495 (1947). In contrast to these important precedents, Borden's irritation that the district court did not entertain oral argument before dismissing its complaint certainly lacks the "importance, novelty or difficulty" required to invoke this Court's supervisory powers.

district court's decision to render its opinion based on the briefs and affidavits filed by the parties, and not to hear oral argument, is a wholly proper procedure. Second, the district court's finding of fact that witnesses from Japan would be attending the preliminary injunction hearing, one of numerous findings made by the court, did not alter the outcome of its analysis and, in any event, is a finding of fact not suitable for review by this Court.

1. **Denial Of Oral Argument Was Proper**

The district court was authorized to dispense with oral argument. "[L]itigants are not entitled as a matter of right to an oral hearing on every motion." *Goodpasture v. Tennessee Valley Auth.*, 434 F.2d 760, 764 (6th Cir. 1970) (citing *Link v. Wabash R.R. Co.*, 370 U.S. 626 (1962)). Rather, the decision whether to hear oral argument on a motion lies in the sound discretion of the court as part of its administrative function. *See Bratt v. IBM Corp.*, 785 F.2d 352, 363 (1st Cir. 1986). Indeed, the practice of dispensing with oral arguments on motions except in complicated cases is recommended by eminent authorities. *See Proceedings of the Seminar on Procedures for Effective Judicial Administration*, 29 F.R.D. 191, 301 (1961).

Consistent with this practice, Civil Rule 3(i) of the Rules of the United States District Court for the Southern District of New York states that "[t]he judge may direct the parties to submit motions and may determine them without oral hearing." This rule is expressly authorized by Fed. R. Civ. P. 78, which provides that in order to expedite its business, the court may provide by local rule for the submission and determination of motions without oral hearing. The district court's decision to act upon Meiji's motion to dismiss on *forum non conveniens* grounds without hearing oral argument was therefore entirely proper. *See Morrow v. Topping*, 437 F.2d 1155, 1156 (9th Cir. 1971) ("Failure to have oral argument before acting upon the motion to dismiss was therefore in full accordance with established procedure.")

2. The District Court's Alleged "Erroneous Assumption" About Witnesses Did Not Prejudice The Outcome Of Its Analysis And, In Any Event, Is A Factual Finding Not Suitable For Review By This Court

According to Borden, "the District Court's analysis of the [*Gilbert*] factors would have been substantially different if the District Court Judge was aware of the parties' agreement not to call Japanese residents as witnesses." (Pet 28, 29) Borden then argues that the Second Circuit "failed to accord proper weight to the import such error may or may not have had on the District Court's ultimate dismissal on *forum non conveniens* grounds." (Pet 29)

Contrary to Borden's contention, the Court of Appeals for the Second Circuit fully reviewed the district judge's findings, and properly concluded that no abuse of discretion had occured. The Second Circuit stated:

> While the court's unorthodox procedure deprived the court of full information, we are satisfied that it did not fatally undermine the court's findings. Its *Gilbert* analysis was comprehensive and was not limited to the question of the residence of the primary witnesses. Rather, the court considered such additional important factors as the enforceability of relief and the primacy of Japan's interest in the litigation.

(A 18) In addition, the district court also weighed the fact that it might wish to question other witnesses from Japan "whom the parties might not have thought to call and over whom the parties might not have any authority." (A 40) Thus, Borden's argument that the Second Circuit did not accord proper weight to the alleged error of fact is without any merit.

Further, any challenge here to the district court's factual finding must fail in light of the well-settled rule that findings of fact will not be overturned unless they are clearly erroneous, and the repeated admonition by this Court that it "cannot undertake to review concurrent findings of fact by two courts below

in the absence of a very obvious and exceptional showing of error." *Graver Tank & Mfg. v. Linde Air Prods. Co.*, 336 U.S. 271, 275 (1949), *aff'd*, 339 U.S. 605 (1950). Borden clearly has not made such an "exceptional showing" as to warrant review by this Court.[15]

Finally, Borden theatrically claims that it suffered a denial of due process because of the district court's alleged "erroneous assumption." However, if Borden believed that it had been unable to bring a dispositive fact to the attention of the court because oral argument was not held, then Borden had ten days to seek reargument after the district court's opinion issued pursuant to Civil Rule 3(j) of the United States District Court for the Southern District of New York.[16]

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[15] Borden attempts to salvage its argument by citing *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group*, 886 F.2d 490, 493 (2d Cir. 1989) for the proposition that "[c]ase law in the Second Circuit dictates that an erroneous finding of fact amounts to an abuse of discretion." (Pet 29) This misstates the holding in *Cliffs Notes*.

What the Second Circuit actually stated in *Cliffs Notes* is the well-settled principle that " '[a]n abuse of discretion may be found when the district court relies on clearly erroneous findings of fact or on an error of law in issuing the injunction.' " *Cliffs Notes*, 886 F.2d at 493 (quoting *Hanson Trust PLC v. SCM Corp.*, 774 F.2d 47, 54 (2d Cir. 1985)) For the reasons set forth herein, the Second Circuit fully considered the argument that the district court might not have had "full information," but concluded that myriad other considerations supported the district court's *forum non conveniens* dismissal.

[16] Borden takes a passing shot at the Second Circuit for concluding that certain New York procedural rules, which Borden erroneously claimed barred dismissal of this action on *forum non conveniens* grounds, are inapplicable to this action. (Pet at 16, n. 5) The opinion of the Second Circuit and the district court properly held that those rules are inapplicable based on the record, and that federal *forum non conveniens* precedent controlled. (*See* A14-15, A46-49)

III.

CONCLUSION

For the reasons stated above, the petition for a writ of certiorari should be denied.

Dated: New York, New York
May 8, 1991

Respectfully submitted,

BARRY H. GARFINKEL
(Counsel of Record)
919 Third Avenue
New York, New York 10022
(212) 735-3000

Attorney for Respondent
Meiji Milk Products Co., Ltd.

Of Counsel:

WILLIAM P. FRANK
JEROME S. HIRSCH
SAMUEL KADET
STEVEN J. KOLLEENY

SKADDEN, ARPS, SLATE,
MEAGHER & FLOM

APPENDIX

IN THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

BORDEN, INC., Plaintiff-Appellant, -against- MEIJI MILK PRODUCTS CO., LTD., Defendant-Appellee.	No. 90-8086 AFFIDAVIT IN OPPOSITION TO MOTION FOR AN INJUNCTION PENDING APPEAL AND IN RESPONSE TO MOTION FOR AN EXPEDITED APPEAL

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

SAMUEL KADET, being duly sworn, deposes and says:

1. I am a member of the law firm of Skadden, Arps, Slate, Meagher & Flom, attorneys for defendant-appellee Meiji Milk Products Co., Ltd. ("Meiji") in this action. I submit this affidavit in opposition to the motion of plaintiff-appellant Borden, Inc. ("Borden") for an injunction pending appeal and in response to Borden's motion for leave to appeal on an expedited basis, which we do not oppose.

2. Borden is appealing from an Order of the United States District Court for the Southern District of New York, Mary Johnson Lowe, Judge, dismissing its complaint on *forum non conveniens* grounds.* In the complaint, Borden sought a

* A copy of the October 2, 1990 Opinion and Order is attached as Exhibit A to the moving affidavit of Borden's attorney, Kevin J. Plunkett, Esq. (hereinafter "Plunkett Aff. Ex. ____").

preliminary injunction in aid of an arbitration proceeding it commenced last August under a 1983 margarine licensing contract between Meiji and Borden (the "Contract"), a copy of which is annexed hereto as Exhibit 1.*

3. For the reasons set forth more fully below and in Meiji's accompanying Memorandum of Law ("Meiji Mem."), I respectfully submit that Borden's motion for an injunction pending appeal should be denied for at least four separate and independent reasons:

First, Borden cannot show any possibility, much less a strong probability, of succeeding on its appeal from the Order dismissing its complaint on *forum non conveniens* grounds. (Meiji Mem. at 2-5.)

Second, even if Borden could show a substantial likelihood that its complaint will be reinstated on appeal, there is no record on which this Court can review Borden's request for a preliminary injunction in aid of arbitration and thus no basis to determine whether an injunction pending appeal should be issued. More specifically, since the district court dismissed Borden's complaint, it never reached Borden's motion for a preliminary injunction in aid of arbitration. As a result, this Court lacks the findings of fact that provide the usual predicate for resolution of a motion for an injunction pending appeal. (Meiji Mem. at 5-6.)

Third, no injunction pending appeal should be issued in any event because such an injunction would apply only extraterritorially and would interfere with Meiji's rights under Japanese law. Meiji is not a United States citizen, the Contract was always performed exclusively in Japan and any injunction barring Meiji from continuing to use the packaging it designed and registered in Japan with the Japan Patent Office would encroach upon Meiji's intellectual property rights under Japanese law. (Meiji Mem. at 6-7.)

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* The exhibits hereto are hereinafter cited as "Ex. ____".

Fourth, even if this Court were inclined to (a) reach the underlying merits of the packaging dispute and Borden's preliminary injunction motion, and make findings of fact and conclusions of law in the first instance based on the parties' submissions below; and (b) consider issuing an injunction even though it would apply only extraterritorially, the record before the district court amply warranted denial of Borden's motion for a preliminary injunction in aid of arbitration. (Meiji Mem. at 7-10.)

4. Before turning to the factual background to this action and the proceedings below, I wish to stress that an injunction pending appeal would not preserve the *status quo* but would radically alter it. While the Contract was in effect, Meiji manufactured and sold in Japan margarine bearing Borden's name and logo. The Contract, however, expired by its terms on October 3, 1990, and no such margarine is now being sold. As a result, the *status quo* that prevailed prior to October 3, 1990 cannot be preserved by any injunction pending appeal. Moreover, Borden has announced publicly that beginning on October 4, 1990, and, in conjunction with Unilever-Japan, Borden will begin to sell in Japan a new margarine product bearing the Borden name. (Ex. 2) Accordingly, if Meiji were enjoined pending appeal from selling margarine under its own name, which it already has started to do, it would be forced out of the market and thus eliminated for some time as a Borden-Unilever competitor at this commercially sensitive juncture. Although this might well be precisely what Borden hoped to accomplish with the litigation in the district court, and now hopes to accomplish with this motion for injunction pending appeal, it would not preserve any *status quo* of which we are aware.

Factual Background

5. The litigation below arose out of the Contract between Borden and Meiji, a milk and milk products firm headquartered in Tokyo, Japan. In the Contract, Borden licensed Meiji to use in Japan certain specifically identified trademarks and a logo on margarine products manufactured by Meiji entirely in Japan with Meiji's proprietary technology and formulas. In exchange

for this license, Borden was to receive a fixed sum of 50,000,000 yen per year (approximately $200,000 per year based on current exchange rates). (Ex. 1 at § 7, pp. 6-7.)

6. The margarine produced by Meiji under Borden's name always was sold exclusively in Japan to Japanese consumers. (Ex. 3 at ¶ 26.) Indeed, it is undisputed that the Contract has had no effect whatsoever on any United States commerce. (Plunkett Aff. Ex. A at 7.)

7. Throughout the term of the Contract, the margarine was sold in packaging designed and developed exclusively by Meiji. (Ex. 3 at ¶¶ 7-13.)* Shortly after the Contract was executed, Meiji filed the packaging designs with the Japan Patent Office and the designs were thereafter registered in Meiji's name in Japan. (Ex. 3 at ¶ 8.) As a matter of Japanese law, these publicly available design registrations provide Meiji with the exclusive right to use the packaging in Japan and bar any claim of unfair competition under Japanese law. (Ex. 4 at ¶¶ 3-6.)**

8. The Contract grants Borden no right of ownership to any packaging (or product designations). (Ex. 3 at ¶ 9.) While the Contract contains explicit provisions concerning rights to the specific trademarks licensed by Borden, the single reference in the Contract to packaging on which Borden relies simply provides that Meiji must submit samples of packaging to Borden "so that Borden can insure that the use of the Licensed Trademarks is in conformity with Borden's Corporate Identification Standards Manual." (Ex. 1 at p. 4, § 4.4; Ex. 3 at ¶¶ 9-10.)

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* Similarly, all of the product designations, such as "Corn 100," also were developed exclusively by Meiji. (Ex. 3 at ¶ 13.)

** Although Borden seeks in the moving papers to leave the Court with the impression that it never knew about Meiji's registration of the packaging, the record evidence below tells a considerably different story. According to declarations submitted below, Borden-Japan's current President was employed by Meiji in 1983 when the Contract was negotiated and executed, and he admittedly knew then that Meiji had filed for registration the packaging design with the Japan Patent Office. This person also states that when he joined Borden in 1987, he had forgotten about Meiji's filing for registration of the packaging design, only to have his recollection refreshed this past summer.

9. The Contract also contains an arbitration provision requiring that any disputes arising in connection with the Contract be arbitrated in accordance with a September 1952 trade agreement between the Japanese Commercial Arbitration Association and the American Arbitration Association (the "Japan-U.S. Agreement"). (Ex. 1 at § 16, p. 12; Ex. 5.) Under the Japan-U.S. Agreement, the location of any arbitration is to be determined by a standing Joint Arbitration Committee where, as here, the parties have not agreed on a location. (Ex. 5 at ¶ 2.)

10. Meiji is continuing to manufacture the same margarine in Japan and will sell it in Japan in the packaging Meiji developed and registered with the Japan Patent Office. After termination of the Contract, however, Meiji will no longer use any Borden trademark or logo; the margarine products will bear only Meiji's name. (Ex. 3 at ¶ 15.) In addition, commencing on October 4, 1990, Borden, in conjunction with Unilever-Japan, will introduce new margarine products into the Japanese marketplace. (Ex. 2) According to Borden, this new margarine will be sold in Japan in packaging *dissimilar* to the packaging developed and used by Meiji. (Ex. 6 at ¶ 11.)

11. On August 24, 1990, Borden filed a demand for arbitration challenging Meiji's right to use the margarine packaging following termination of the Contract. (Plunkett Aff. Ex. K.) The parties presently are filing submissions with the Joint Arbitration Committee on the question of location of the arbitration.

Proceedings Below

12. On August 30, 1990, Borden commenced this action in which it seeks a preliminary injunction in aid of arbitration, *i.e.*, an injunction prohibiting Meiji from using the disputed packaging pending conclusion of the arbitration. In its complaint, Borden claimed that Meiji's continued use of the packaging would constitute a breach of Section 4.3 of the Contract which provides, in pertinent part, that Meiji will not "take any action which will tend to destroy, damage or impair the [l]icensed [t]rademarks or title thereto." (Plunkett Aff. Ex. F at

4.) In the second count of the complaint, Borden alleged that Meiji's continued use of the packaging would be "wrongful destruction of good will," which presumably is a claim of unfair competition. (*Id.* at 7.)

13. On August 30, 1990, Judge Robert P. Patterson, then sitting as the Part 1 Judge, issued *ex parte* a temporary restraining order prohibiting Meiji from using the disputed packaging. This restraining order expired by its terms on September 5, 1990, at which time the parties were to appear before Judge Lowe, to whom the case had been assigned for all purposes. (Plunkett Aff. Ex. G.)

14. At the hearing on September 5, 1990, Judge Lowe heard argument by counsel on the merits of Borden's case. During the hearing, Borden also requested that the Court extend the restraining order and schedule an evidentiary hearing on Borden's motion for a preliminary injunction. At the conclusion of the September 5 hearing, the court declined the extend the restraining order and scheduled a further hearing for September 25, 1990. In addition, Meiji was given leave to file a motion to dismiss also to be made returnable on September 25. (*See* Plunkett Aff. Ex. H. at 56-57, 63-64.)

15. On Thursday, September 20, 1990, we were advised by Judge Lowe's chambers that the Court wished to receive Meiji's reply papers on its motion to dismiss, due the following day, by 3 p.m. on September 21. We complied with this request, and on Friday, September 21, 1990, at approximately 6:15 p.m., Judge Lowe's law clerk telephoned me and informed me that Judge Lowe had determined to dismiss Borden's complaint on the grounds of *forum non conveniens.*

16. After I expressed our appreciation for the timing of this advice because it enabled our client to avoid the burden and expense of preparation for the September 25 injunction hearing and the need for at least one Meiji official to travel to New York City from Tokyo, Judge Lowe's clerk stated to me that the Court was aware of such considerations and that was why we were being orally informed on Friday night of the Court's resolution of Meiji's motion to dismiss.

17. In view of the dismissal of Borden's complaint, the district court never reached Borden's motion for a preliminary injunction. Accordingly, no findings of fact were made concerning the underlying merits of the trade dress dispute or the relative harms to the parties resulting from granting or denying Borden's motion for a preliminary injunction.

18. Approximately one week after Judge Lowe orally advised us that Borden's complaint would be dismissed, Borden began to clamor for an order from which it could immediately appeal. Borden transmitted letters and a proposed one sentence dismissal order to Judge Lowe and urged her to act. We wrote to oppose entry of any such order without an accompanying opinion setting forth the Court's reasons for its decision in order to insure that a proper basis would exist for appellate review. At this time, we were advised by Judge Lowe's law clerk that an opinion articulating the district court's reasons for its decision was being prepared and would be released as soon as it was completed.

19. On October 1, 1990, Borden ran out of patience and took the extraordinary step of petitioning this Court for a writ of mandamus compelling the district court to enter an order dismissing its complaint. On October 2, 1990, after Judge Lowe released the Opinion and Order, Borden withdrew the mandamus petition.

20. The district judge's Opinion and Order dismissing Borden's complaint is attached as Exhibit A to the moving affidavit of Borden's counsel, Kevin Plunkett, Esq. We submit that the Opinion and Order is thorough, well-reasoned and unassailable on appeal, and we respectfully refer this Court to it.

The Motion for an Expedited Appeal

21. Borden also has moved this Court for leave to prosecute this appeal on an expedited schedule: October 17, 1990 for the filing of Appellant's Brief and the Record on Appeal; October 31, 1990 for Respondent's Brief; and November 5, 1990 for Appellant's Reply Brief, with oral argument at the Court's

convenience. (Plunkett Aff. ¶ 63.) While Meiji Milk believes that no expedited appeal is warranted here, particularly since Borden continues to refuse to pursue its remedies in the Japanese courts, we do not oppose an appeal on the schedule Borden has proposed if this Court is inclined to make room on its docket for it.

22. Finally, I also have annexed hereto copies of the following documents that were part of the record below and are referred to in Meiji's accompanying Memorandum of Law:

EXHIBIT

7. Declaration of Takashi Nagahama in Support of Defendant's Motion to Dismiss executed on September 7, 1990.

8. Declaration of Takashi Nagahama executed on September 21, 1990.

/s/
Samuel Kadet

Sworn to before me this
4th day of October, 1990.

/s/
Notary Public

(3)

FILED
MAY 23 1991
OFFICE OF THE CLERK

No. 90-1561

IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

BORDEN, INC.,

Petitioner,

vs.

MEIJI MILK PRODUCTS CO., LTD.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

PETITIONER'S REPLY BRIEF

KEVIN J. PLUNKETT
Counsel of Record
SHANNON P. O'NEILL
PLUNKETT & JAFFE, P.C.
280 Park Avenue
New York, New York 10017
(212) 922-1800

Of Counsel:
WALTER W. KOCHER
HANS FISCHER
H. STEPHEN HARRIS, JR.
180 East Broad Street
Columbus, Ohio 43215
(614) 225-4000

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I. BORDEN, INC.'S PETITION FOR A WRIT OF CERTIORARI IS NOT MOOT

A. Borden's Injury is Real and Justiciable

"To invoke the jurisdiction of a federal court, a litigant must have suffered, or be threatened with, an actual injury traceable to the defendant and likely to be redressed by a favorable judicial decision." Lewis v. Continental Bank Corp., 494 U.S. 472, 477 (1990) (citations omitted). Federal courts have the power to resolve "real and substantial controversies" admitting of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts. Id. (citations omitted). Additionally, as this Court has repeatedly recognized, a controversy remains justiciable if it is

"capable of repetition yet evading review." Id.

Borden, Inc., ("Borden"), has suffered, and continues to suffer on a daily basis, irreparable injury to its goodwill and name. Meiji's actions in using the identical packaging and trade dress for its margarine products as used for Borden's margarine products under an exclusive licensing agreement, ("Margarine Agreement"), as alleged in Borden's complaint, amounts to a continuous wrongful destruction of goodwill for which Borden has sought both preliminary and permanent injunctive relief. This wrongful destruction of goodwill creates irreparable injury which is being repeated on a daily basis.

Borden has been zealously protecting its rights to prevent further irreparable injury. Meiji's continued use

of the exact packaging and trade dress utilized for over seven (7) years under the Margarine Agreement that became closely associated with the name and goodwill of Borden, presents a real, actual and continuing controversy requiring judicial relief. If the complaint is not reinstated, this repetitious injury will effectively evade judicial review.

This Court may exercise jurisdiction over an action if "(1) the challenged action [is] in its duration too short to be fully litigated prior to its cessation or expiration; and (2) there [is] a reasonable expectation that the same complaining party would be subjected to the same action again." Meyer v. Grant, 486 U.S. 414, 417 n.2 (1988) (citations omitted).

Borden instituted its complaint

Borden instituted its complaint in the district court by way of order to show cause almost two (2) months prior to the expiration of the Margarine Agreement. In spite of repeated requests for expedited relief from the district court, no decision was rendered until one (1) day before the Margarine Agreement expired.

Moreover, as discussed infra at footnote 6, Borden has, in a related matter, sought relief in both the Japanese legal system and from the Japan Commercial Arbitration Association. In spite of efforts to expedite these matters, no relief has been obtained.

In sum, the real, actual and continuing damage to Borden's goodwill and name as a result of Meiji's unilateral use of the identical packaging and trade dress used for Borden products presents a justiciable controversy to this Court.

B. Borden's Complaint, Which Was Dismissed by the District Court, Seeks Preliminary and Permanent Injunctive Relief for Destruction of Goodwill Separate and Apart From a Preliminary Injunction In Aid of Arbitration

The argument in the Brief of Respondent ("Res. Br.") that the Petition[1] is moot because Borden is no longer seeking the relief requested in the proceedings below, is incorrect.

Borden is seeking to have its Complaint reinstated. The complaint sought a permanent injunction to restrain Meiji Milk Products Co., Ltd. ("Meiji") from continuing the wrongful destruction of Borden's goodwill. This claim for relief is distinguished from Borden's claim for breach of the Margarine Agreement and related request for a

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[1] References to Borden's Petition for Writ of Certiorari are designated as "Petition p. __".

preliminary injunction in aid of arbitration. Accordingly, there is a live justiciable issue before the district court should this Court grant the writ, reverse the court below and reinstate the Complaint.

Meiji admits in its brief (Res. Br. p. 5) that Borden asserted two claims, one for breach of contract under Section 4.3 of the Margarine Agreement and one for "wrongful destruction of goodwill" (emphasis supplied). Borden's Complaint therefore, not only sought relief under the Margarine Agreement, it also sought a permanent injunction from the district court on a separate claim of "wrongful destruction of goodwill." Accordingly, the Petition, which seeks to have the complaint reinstated, involves a claim asserted by Borden which is separate and distinct from its claim involving breach

if Borden desires to pursue, would be arbitrated.

Borden's request for a permanent injunction, governed by New York law, to enjoin the continuous use by Meiji of identical packaging and trade dress is a live issue which affects the rights of Borden and Meiji.[2] Murphy v. Hunt, 465 U.S. 478, 481 (1982) [(quoting United States Parole Comm'n v. Geraghty, 445 U.S. 388, 396 (1980), cert. denied, 465 U.S. 1103 (1984)]. Borden continues to seek equitable relief in federal court for the continuous irreparable harm to Borden's

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[2] Under New York law, which governs all disputes between the parties, as between a licensor and licensee, the packaging inures to the benefit of the licensor, Borden. (See Distillerie Flli Ramazzotti v. Banfi Products Co., 52 Misc. 2d 593, 276 N.Y.S.2d 413 (Sup. Ct. N.Y. Cty. 1967), aff'd, 27 A.D.2d 905, 280 N.Y.S.2d 892 (1st Dep't 1967). Accordingly, Borden's claim is fairly supported by New York law.

goodwill as a result of Meiji's continuous use of identical packaging and trade dress.

II. THE SECOND CIRCUIT IMPROPERLY SUBSTITUTED ITS OWN DISCRETION FOR THAT OF THE DISTRICT COURT AFTER HOLDING THAT THE DISTRICT COURT COMMITTED A FACTUAL ERROR

The Second Circuit found that the district court did not have the benefit of knowledge of the parties' agreement not to call any Japanese witnesses at a hearing on Borden's request for a preliminary injunction. (A-17[3] According to the Second Circuit, "this unfortunate error resulted, at least in part, from the highly irregular procedure followed by the court in reaching and rendering its dismissal decision." (Emphasis supplied) (A-17)

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[3] Citations to the Appendix annexed to Borden's Petition for Writ of Certiorari are designated as "A-__".

The Second Circuit, not knowing the weight accorded any of the individual "Gilbert factors"[4] relied on by the district court, erroneously substituted its own discretion for that of the district court when it assumed that the clear mistake of fact by the district court did not "fatally undermine" the district court's findings. (A-18) The Second Circuit's own weighing of the Gilbert factors and substitution of its own discretionary judgment is in contravention of the law and policy followed in the Second Circuit. United States v. Robinson, 560 F.2d 507 (2d Cir. 1977) (en banc) cert. denied, 435 U.S. 905 (1978) ("[w]e thus adhere to the

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[4] The Second Circuit addressed the forum non conveniens factors adopted by this Court in the case of Gulf Oil Corp. v. Gilbert, 330 U.S. 501, 508-09 (1947) as the "Gilbert factors".

traditional formulation of the abuse of discretion standard which is based on the premise that the Court of Appeals should not and will not substitute its judgment for that of the trial court." citing Atchison Topeka & Santa Fe Rwy. v. Barret, 246 F.2d 846, 849 (9th Cir. 1957).

The factual error by the district court led it to conclude erroneously that the Gilbert factors related to what parties would be called as witnesses and the cost of obtaining the attendance of witnesses favored a hearing in Japan, when in fact it actually favored a hearing in New York. While, as the Second Circuit noted, the district court considered certain other Gilbert factors in its decision, there is no indication of the relative weight given to each of the various Gilbert factors. Indeed, there is no basis in the district court's opinion

from which to infer what conclusion the district court would have reached had it properly found that the witness factor favored New York, not Japan.

This reason alone requires that this Court, at the very least, grant the Petition and remand this case to the district court in order that the district court can properly consider all relevant factors with full knowledge of the facts, and with the benefit of full oral argument.

III. THE DISTRICT COURT IN THE INSTANT CASE DID NOT CONSIDER "AT THE OUTSET" WHETHER JAPAN WAS AN ADEQUATE ALTERNATIVE FORUM

Meiji misleads this Court by stating that the district court determined that an alternative forum was available prior to analyzing the factors enunciated

in Gulf Oil Corp. v. Gilbert, 330 U.S. 501 (1947)(Res. Br. p. 6, 11, 12)(emphasis in original). In fact, it was not until the district court judge had decided that the private and public interest factors of Gilbert dictated that the motion should more properly be brought before a Japanese court that the availability of an alternative remedy was addressed (A-54-57).[5] As such, the district court, having at the outset already decided that Japan was a more appropriate forum, improperly shifted the burden to Borden to prove that Japan was not an adequate forum from Meiji who shouldered the burden, "at the outset", of proving that Japan was an

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[5] In fact, the citations on pages 6, 11 and 12 of Res. Br. to Appendix p. 37 does not contain the quote ascribed to the district court. In fact, A-37 supports Borden's argument that the district court "at the outset" considered the Gilbert factors before considering whether Japan was an adequate alternative forum.

adequate alternative forum for the relief requested by Borden.[6]

IV. MEIJI FAILED ON THE EXISTING RECORD TO ESTABLISH THE ADEQUACY OF JAPAN AS AN ALTERNATIVE FORUM

The Second Circuit regarded the district court's conclusion that Japan is an adequate alternative forum as being "adequately supported by the record," and found that the record indicates "a good

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[6] The significance of this shifting of the burden in an international commercial case, such as the instant case, is readily apparent. A United States multi-national corporation, such as Borden, will always be required to litigate commercial disputes arising out of licensing agreements in the foreign country because the agreement is always performed in the foreign country. As such, when the Gilbert factors are applied prior to a consideration "at the outset" of an adequate available forum, there will always be a determination that the foreign forum is more convenient. In essence, the threshold issue of adequacy of the alternative forum then becomes secondary to the Gilbert factors and acts to shift the burden improperly to the United States corporation to prove that the foreign forum is not adequate.

grant preliminary relief..." (A-20) Borden submits that the existence of a "good possibility" falls far short, as a matter of law, of satisfying Meiji's burden of proof that Japan is (not may be) an adequate alternative forum.

In any event, the state of the record in this case is insufficient, as a matter of law, to carry Meiji's burden of proving the adequacy of Japan as an alternative forum. The record in the district court contained nothing but one controverted expert opinion which fails to meet Meiji's burden of proof.

For example, in Canadian Overseas Ores Ltd. v. Compania Di Acero Del Pacifico, S.A., 528 F. Supp. 1337 (S.D.N.Y. 1982), aff'd, 727 F.2d 274 (2d Cir. 1984), the court held that conflicting affidavits do not satisfy the defendant's burden of establishing the

that the party asserting the appropriateness of the foreign forum (here, Meiji) retains the burden of demonstrating its adequacy, stating:

> where differing views are expressed by the experts that the [foreign forum] would be an adequate forum [the defendant] has failed to carry its burden of persuasion that [plaintiff's] choice of forum should be disturbed.

Id. at 1343.

The law of the Second Circuit precludes a court from depriving a U.S. plaintiff of its presumed right to choose the forum solely on the basis of "dueling affidavits." See also, In Re Union Carbide Gas Plant Disaster, 809 F.2d 195 (2d Cir. 1987), cert. denied, 484 U.S. 871 (1987), Hatzlachh Supply Inc. v. Tradewind Airways Ltd., 659 F. Supp. 112 (S.D.N.Y. 1987).

It is clearly inequitable, when a party is seeking expedited relief, to

require a plaintiff that has admittedly filed its case in a court of proper jurisdiction and venue, to go halfway around the world to another forum, which is acknowledged as anachronistic, to initiate yet another proceeding to attempt to obtain relief that is needed in order to halt serious, continuing irreparable harm.

V. THERE IS A CONFLICT AMONG THE CIRCUITS BASED ON THIS COURT'S STATEMENT IN PIPER AIRCRAFT CO. V. REYNO ON THE ORDER OF ANALYSIS TO BE EMPLOYED IN AN INTERNATIONAL FORUM NON CONVENIENS CASE

In Piper Aircraft Co. v. Reyno, 454 U.S. 235 (1981), this Court clearly articulated that in a case involving international forum non conveniens considerations, the order of analysis to be applied requires that "at the outset" and as an "initial requirement" the

exists an adequate alternative forum. Piper, 454 U.S. 235, 254 (n. 22). This statement is consistent with the concept that a plaintiff's choice of forum should not be disturbed on grounds of convenience unless the other forum is an adequate alternative forum.[7]

As set forth in the Petition, pp. 21-26, the United States Courts of Appeals for the Fifth Circuit, Eighth Circuit, and Ninth Circuits have clearly articulated that it is not until after a court

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[7] As set forth in the Petition, p. 14-15, n. 4, the Japanese Court, in the related matter between Borden and Meiji involving a licensing agreement for ice cream products, did not render a decision within sixty (60) days of Borden's filing for a request for a preliminary injunction in Japan. Therefore, based on the sixty (60) day conditional dismissal of the Second Circuit, which was the basis for the conditional dismissal in the ice cream case, Japan has proven to be an inadequate forum.

available and adequate alternative forum that there should be an inquiry into the public and private interest factors of Gilbert.

Accordingly, based on this Court's directive in Piper, the decision and order of the United States Court of Appeals for the Second Circuit in the instant case affirming the district court is in conflict with the analyses adopted by the United States Courts of Appeals for the Fifth Circuit, Eighth Circuit and Ninth Circuits.

CONCLUSION

For the foregoing reasons, and for those reasons as set forth more fully in the Petition, this Court should grant the writ, reverse the decision of the court below and reinstate Borden's complaint.

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Respectfully submitted,

KEVIN J. PLUNKETT
Counsel of Record
SHANNON P. O'NEILL
PLUNKETT & JAFFE, P.C.
280 Park Avenue
West Tower - 35th Floor
New York, NY 10017
(212)922-1800

Attorney for Petitioner
Borden, Inc.

WALTER W. KOCHER
HANS FISCHER
H. STEPHEN HARRIS, JR.
180 East Broad Street
Columbus, Ohio 43215
(614)225-4500